REPUBLIC OF TURKEY, Devlet planlama teşkilatı.
PRIME MINISTRY
STATE PLANNING ORGANIZATION

Development Plan

FIRST FIVE YEAR
(1963 — 1967)

1965 ANNUAL PROGRAMME

ANKARA
DECEMBER 1964

71785

338.91
T84d
1965

Doğuş Ltd. Şti. Matbaası - Ankara

DECREE

(No. 6/3788)

The Council of Ministers approved on 13th October, 1964 in compliance with Article 15 of Law No. 91 dated 30th September, 1960, the "1965 Annual Programme of the First Five - Year Development Plan" prepared by the State Planning Organization, reviewed and submitted to the Council of Ministers by the High Planning Council under Report No. 1964 - 1 dated 1st September, 1964, and has put this Annual Programme into effect by means of the attached decree covering the principles of implementation.

The President
Cemal GÜRSEL

DECREE

1. Investments to be made in accordance with the objectives of the Five-Year Development Plan, both in the public and private sectors in 1964, measures required to be taken for the implementation and the realization of reforms and reorganizations and all other pertinent matters, are shown in detail in the Programme.

2. Public organizations which are designated in the Programme as responsible agencies to perform any particular task necessary for the implementation of the Programme, shall discharge their duties fully in compliance with the working programmes prepared by themselves and when necessary they will give priority to maintaining co-operation with other organizations and establishments. The State Planning Organization too, will participate in the preparation of the working programmes and co-ordination activities in connection with programme implementation when required.

3. Investments which were made in 1964 but which were not completed during the year, have not been included in the 1965 Programme. These investments will be given priority and completed. They will be financed by the normal savings obtained from 1965 investments or, if necessary, from reductions to be made from non-productive investments.

4. Measures of a permanent nature included in the 1963 and 1964 Programmes will continue to be implemented in 1965. Measures which could not be implemented within the period forecast in the 1964 Annual Programme and which are not replaced by new ones in 1965, will be implemented this year.

5. The financing of public sector investments in the case of departments under general and annexed budgets, departments operating under revolving funds and local governments, shall be made through their own budgets; in the case of State Economic Enterprises through their own resources or funds to be appropriated under the general budget or through credits obtained or to be obtained. For the implementation of all types of services and investments, it is essential to use the resources available as efficiently as possible and to attain the targets of the Programme in the most economic way.

6. In order to attain the objectives of the Plan, it is essential that the Programme, which has been prepared with the object of realizing inter-sectoral and inter-regional balances, be implemented fully, that prescribed measures be taken at the right time by the responsible agencies, and that the public sector investments be realized completely within the prescribed period and in a way which does not require the budget laws or working programmes to be amended or funds to be transferred from one sector to another. However, when amendments to the investment programmes are required, the following procedures are to be observed :

a) Amendments to the investment and development expenditures of departments under the general and annexed budgets shall be subject to the provisions of the relevant laws. When a bill dealing with the transfer of funds between various sections or with supplementary or extraordinary appropriations is drawn up, the initial drafts shall first be forwarded to the Central Planning Organization, and after being examined by the High Planning Council they shall be subject to a decision by the Council of Ministers.

b) In cases where investment funds are allocated in lump sums, any amendment required between projects shall be carried out within the framework of current procedures by the establishments concerned, provided that such amendments do not result in an increase of more than ten percent in the funds allocated. Any amendment resulting in an increase of funds of more than ten percent will be subject to a decision by the Council of Ministers after such proposals have been reviewed by the High Planning Council.

c) In the case of investments to be carried out by the State Economic Enterprises :

(1) Provided that they stay within the limits of investment expenditures stipulated by their investment programmes and that they do not exceed their overall investment programmes by more than ten percent, State Economic Enterprises may make any necessary transfers between projects. However, this will not authorize them to sanction expenditures for projects which have not appeared in the Programme or to give priority to those investments which are not directly connected with production

(2) Amendments considered necessary for the implementation of investments and financial programmes of the Enterprises may be introduced by the Ministry of Finance upon obtaining the consent of the State Planning Organization on submission of the proposal by the relevant Ministry, provided that such amendments do not decrease the total invest-

ments of the State Economic Enterprises and that the investments of the enterprises for which the changes are to be made are not exceeded by more than ten percent. Any proposal implying a greater increase shall first be examined by the State Planning Organization and then be decided upon by the Council of Ministers.

(3) Surplus resources of the State Economic Enterprises which accrue after the preparation of the Programme may be used by the Enterprises on their own initiative only when failure to do so for renewal, maintenance and export-oriented investments would hinder their efficient operation. These resources may be used with the approval of the Ministry concerned in cases of investments the project costs of which do not exceed TL. 5 million or in cases of investments included in the Programme but whose execution was unavoidably delayed.

d) Amendments to the programmes of local governments shall be subject to their current budgetary procedures. Amendments to programmes of departments with revolving funds shall be subject to the provisions of subparagraph "c" above.

Of the investments which have been included in the Programme without their final projects being reviewed by the State Planning Organization, those whose costs exceed TL. 15 million may be implemented only after the final project has been reviewed by the State Planning Organization to determine their compatibility with the principles of the Development Plan and Annual Programme. Such investment projects shall be forwarded to the State Planning Organization at the earliest possible date, irrespective of the starting date for the implementation the said Programme.

7. The duty of the Co-ordination Boards is to ensure that the investments of the public establishments in the provinces, foreseen in the 1965 Programme are made in accordance with the principles of the Plan and Programme, to provide the collaboration and co-ordination necessary for the realization of these investments within the period forecast in the Programme and to follow-up the implementation of the Programme at the provincial level.

In order to secure the necessary collaboration and co-ordination for the realization of the investments in provinces in accordance with the principles of the Plan and Programmes and within the period forecast in the Programme, the investing departments should :

a) Prepare working programmes in connection with the annual investments programmed for each province and submit these programmes to the "Provincial Co-ordination Boards".

b) Bring those matters which will necessitate co-ordination and collaboration to the notice of the Board.

c) Raise before the Board any problems arising during the implementation of the investments, which may cause delays. The Board will seek solutions to these problems and in the case of difficulty will submit these matters to higher authorities.

In this way, in order to attain the targets of the Development Plan, the realization of a continuous and close collaboration and co-ordination among investing departments and establishments will be secured through the intermediary of this Board presided over by the Governor, and the solution of certain difficulties which may arise during implementation will be ensured primarily within the authority and scope of this Board.

8. The implementation of the Programme at the provincial level will be carried out by the Governors with the assistance of the "Provincial Co-ordination Boards". Any difficulties which may arise during implementation will be eliminated at this level without delay.

9. Public authorities entrusted with certain duties according to the Programme shall follow up the implementation of the section of the Programme concerning them, and the State Planning Organization shall follow up the implementation of the whole of the Programme in accordance with the following procedures :

a) Each ministry is to forward a three-monthly report to the State Planning Organization concerning its activities regarding the implementation of the Programme, the results obtained and any difficulties observed in the departments, agencies or the State Economic Enterprises under their supervision.

b) The periods to be covered by these reports are to be laid down as follows : 1st January - 31st March, 1st April - 30th June, 1st July - 30th September, and 1st October - 31st December. The first three-monthly reports of departments under general and annexed budgets are to include separate information regarding the state of implementation firstly in the previous financial year and secondly in the current year.

c) The reports shall be modelled on the specimen prepared by the State Planning Organization and are to include :

(1) The realized amounts and percentages of the monetary expenditures and physical investments of the investment projects at the end of the period, according to the order in which they appear in the project lists attached to the Programme.

(2) Clear and detailed information about the activities relating to measures suggested in the 1963 Programme and recurring in the 1964 Programme because of non-completion, following the order of priority of the implementation plan.

(3) The results of the activities of the State Economic Enterprises and the administrations with revolving funds.

d) The reports in question shall be submitted to the State Planning Organization at the latest within 15 days of the end of each quarterly period.

10. This decree shall take effect from the date of its promulgation.

TABLE OF CONTENTS

Page

FOREWORD

PART I

GENERAL STRUCTURE AND OBJECTIVES OF THE 1965 PROGRAMME 3

I Main Objectives of the 1965 Programme ... 3

II Basic Data Underlying the Programme ... 6

III Macro - Equilibrium of the 1965 Programme ... 11

PART II

PROBLEMS RELATED TO SOCIAL STRUCTURE 19

I Problems of Social Structure ... 19

II Population Policy ... 21

III Employment and Manpower ... 22

IV Labour and Labour Problems ... 24

V Social Security ... 28

VI Income Distribution Policy ... 31

PART III

SECTOR PROGRAMMES 37

GENERAL SURVEY OF THE SECTOR PROGRAMMES ... 37

Agriculture ... 44

A Crops and Livestock ... 48
B Forestry ... 55
C Fishing ... 58

Mining ... 63

A Coal and Other Minerals ... 64
B Petroleum Industry ... 72

Page

Manufacturing Industry ... 79
  A. Food Industry ... 91
  B. Beverages Industry ... 101
  C. Tobacco Industry ... 105
  D. Textile and Clothing Industry ... 108
  E. Forestry Products Industry ... 114
  F. Paper Industry ... 121

Printing ... 126
Hide and Leather Industry ... 131
Rubber Industry ... 139
Chemical Industry ... 143
Non - Metallic Products ... 157
  (Cement, Cement Products and Baked Clay, Glassware, etc.)
Iron, Steel and Metallurgical Industry ... 173
Metal Products ... 185
Machinery (Excluding Agricultural & Electrical Machinery) 190
Agricultural Implements and Machinery ... 197
Electrical Machinery, Apparatus, Appliances and Supplies ... 204
Manufacture and Repair of Transport Equipment ... 209
Small - Scale Industries and Handicrafts ... 224

Construction Sector ... 230
Energy ... 233
  A. Primary Energy ... 233
  B. Secondary Energy (Coke and Gas) ... 237
  C. Secondary Energy (Electricity) ... 240

Transport and Communication ... 245
  A. Transportation ... 245
  B. Communications ... 253
  C. Radio ... 256

Tourism ... 257

Housing ... 263

Services ... 269
  A. Education ... 269
  B. Training in Industry ... 274
  C. Cultural Activities ... 277

Page

D. Research Activities ... 280
E. Technical Assistance ... 281
F. Health ... 283
G. Social Services ... 289
H. Other Public Services ... 290

PART IV

IMPLEMENTATION

I. Financing of the Programme ... 297
A. Financing of the Public Sector ... 297
B. Financing of the Private Sector ... 321
II. Monetary, Credit and Price Policies ... 325
A. Monetary Policy ... 325
B. Credit Policy ... 333
C. Price Policy ... 342
III. FOREIGN ECONOMIC RELATIONS ... 345
IV. Reorganization ... 359
A. Reorganization of Administration ... 359
B. Reorganization of State Economic Enterprises ... 361
C. Land Reform ... 363
D. Other Reorganization Measures Applicable to the Public Sector as a Whole ... 366
V. Guidance to the Private Sector ... 370

PART V

OTHER IMPLEMENTATION METHODS ... 379
I. Community Development ... 379
II. Regional Planning ... 382
A. Regional Planning ... 382
B. Progress in Under - Developed Regions ... 385
C. The Problems of Industrial Location ... 387

PART VI

FOLLOW UP OF THE IMPLEMENTATION ... 391

PART VII

SUMMARY AND CONCLUSIONS ... 399

FIRST FIVE YEAR DEVELOPMENT PLAN
1965 ANNUAL PROGRAMME

FOREWORD

The 1965 Programme covers the Third Year of the Five-Year Development Plan. This Programme was drawn up in the light of the implementation results of the first two years, and it attempts to resolve the problems confronting the economy in 1965 in a manner consistent with the objectives and strategy of the Plan, as well as with its basic principles.

The basic objectives of the 1965 Programme are to secure a 7 percent rate of growth in the Turkish economy, to reduce the deficit in the balance of external payments, to create new employment possibilities in order to reduce unemployment and to create an equitable social balance between regions and socio-economic groups. To attain these basic objectives, the Programme envisages substantial investments as well as a variety of measures. It also provides for the implementation in 1965 of the measures which, although envisaged in the 1963 and 1964 Programmes, were not completed in those years.

Another objective of the Programme is to secure the completion in 1965 of investment projects which have not been completed within the prescribed time.

The 1965 Programme is divided into seven parts. Part I outlines the general structure and objectives of the Turkish economy. It indicates the main objectives of the programme, the basic data underlying it, as well as the macro-equilibrium of the 1965 Programme.

Part II deals with problems related to social structure. The main sub-divisions of this part are the problems of social structure, the population policy, employment and manpower, labour and labour problems, social security and the income distribution policy.

Part III contains the sector programmes. It starts with a general description of sectors and goes on to describe the individual sector programmes. Each sector programme outlines the general situation of the sector together with the 1965 demand and production targets the inter-sectoral distribution of public and private investments and the measures prescribed for that sector. In the classification of sectors, the internationally accepted classification was, as far as possible, followed.

Part IV is devoted to implementation and includes the financing of both the public and private sectors; the monetary credit and price policies; foreign economic relations; re-organization and guidance to the private sector.

Part V is entitled "Other Implementation Means" and deals with community development and regional planning.

Part VI indicates how implementation is followed and Part VII is devoted to a summary and conclusions.

The tables included in the Programme were drawn up so as to permit a comparison of 1965 figures with those of previous years and so as to be consistent with one another. In general, 1962 and 1963 figures indicate realizations, while 1964 and 1965 figures are estimates. Unless otherwise stated, the source of tabulated statistical information is the State Planning Office.

As in the 1963 and 1964 Programmes, investment projects are not shown separately in the text. Investment projects, the name of each project and the required financing form the subject of a further-attached document.

Another feature of the 1965 Programme is that it covers the period when work on the Second Five-Year Plan is to be started. Thus, implementing departments, while carrying out the work stipulated in the 1965 Programme, must also initiate the preparatory work which is to form the basis of the Second Five-Year Plan. This preparatory work should focus particularly on the choice of the projects to be implemented during the Second Five-Year Plan.

In view of the experience acquired by the implementing departments during the first two years of the First Five-Year Plan, the 1965 Programme should be implemented with a greater measure of success than the previous ones.

PART I

GENERAL STRUCTURE AND OBJECTIVES OF THE 1965 PROGRAMME

I. MAIN OBJECTIVES OF THE PROGRAMME

The 1965 Programme was drawn up to continue Turkey's efforts to achieve a rapid and balanced development in the economic and social fields during the third year of the Five - Year Plan. This Programme conforms to the basic principles put forward by the documents entitled "Strategy and Objectives of the Plan" and the "First Five - Year Development Plan."

The main objectives of the 1965 Programme are as follows :

1. To Secure a 7 Percent Rate of Growth of the Turkish Economy

The objective is to attain a 7 percent rate of growth during 1963 without disturbing the general equilibrium of the economy or endangering the realization of the other main objectives of the Plan.

A study of the final results of the implementation of the 1965 Programme indicates that such an objective is attainable even if the agricultural sector has only an average harvest. Consequently, it is estimated that the Gross National Product will reach the figure of TL. 69.840 billion at 1963 prices.

2. To Reduce the Balance of Payments Deficit

One of the main objectives of the long - term plan is to secure an equilibrium level in external payments that does not require any external financial assistance by the end of the Second Five - Year Plan.

In order to make a step towards the achievement of this long - term objective, Turkey must exert a significant effort in 1965 to reduce the deficit in its balance of external payments.

For this purpose, the 1965 Programme sets new objectives for exports and devises appropriate measures to attain them; on the import side, it requires the preparation of a meticulous import programme together with the development, whenever possible, of import substitution.

With the assistance of an expected improvement in the balance of invisible transactions, it is estimated that the current account deficit of the 1965 balance of external payments will be reduced to $ 207 million. Considering that this deficit was $ 300 million in 1963, $ 280 million in 1964 and $ 242 million in the 1965 tranche of the Five - Year Plan, the magnitude of the efforts required in this field is evident.

3. To Secure a Progressive Reduction of Unemployment by Creating New Employment Opportunities

Efforts will be made in 1965 towards the solution of the problems of employment and manpower, in a manner consistent with the Plan objectives.

As in the previous programmes, the main objective is again to create employment opportunities over and above the supply of labour. For this purpose, the volume of total public and private investments has been raised to TL. 12.7 billion and the employment effect of investment has been taken into consideration in drawing up public sector programmes.

Moreover, the utilization of employment opportunities for workers abroad, has also been taken into account as a way of reducing the level of unemployment.

4. To Secure an Equilibrium Among Regions and Socio-Economic Groups in Conformity with Social Justice

In drawing up the 1965 Programme, careful consideration was given to the long-term social objectives of the Plan with regard to the inter-regional distribution of educational, health and other social service investments, the equitable distribution of the tax burden, of credits and incomes, and the development of social security, health services and educational facilities.

With the successful implementation of this Programme, significant steps will have been taken towards the achievement of a just social equilibrium in the Turkish community through efforts to reduce the disparity between regions and socio-economic groups.

The estimated investment level required for the successful implementation of the 1965 Programme, the development levels to be attained in the social and economic fields through the implementation of the suggested measures, and the estimated rates of growth, as compared with 1964, are indicated in Table 1. In addition to these general objectives, the income expenditure and investment goals to be achieved by various sectors and organizations, are shown in the pertinent sections of this Programme.

TABLE 1 — Macro - Economic Objectives of the 1965 Programme
(at 1963 Prices)

Macro - Economic and Social Development Indications	Unit	1965 Objective (1)	Percentage Changes (2)
Gross National Product	Billion TL	69.8	+ 7
Per Capita Income	Thousand TL	2.2	+ 4
Total Investment	Billion TL	12.7	+ 10.9
Imports	Million $	665.0	— 3.9
Exports	Million $	410.0	+ 9.3
Current Account Deficit (External Deficit)	Million $	207.0	+ 23.3

II. BASIC DATA UNDERLYING THE 1965 PROGRAMME

The basic data utilized for the preparation of the 1965 Programme was taken from the Development Plan, after adjustments in the light of recent statistical information. Use was also made, whenever possible, of the information and experience acquired from the implementation of the 1963 Programme and the results of the first six-month implementation of the 1964 Programme.

1. Developments in the Turkish Economy

In general, the revival of economic activity which began in 1962, picked up further speed during 1963 - the first year of the implementation of the Plan. Important increases were recorded in the production levels of various sub-sectors of the economy. The GNP (in constant prices) increased over the preceding year by 7.5 percent, while no significant increase occurred in the general level of prices.

The rate of growth achieved during the first year of implementation of the Plan thus exceeds the Programme estimates. Particularly abundant agricultural production played a major role in the attainment of this result. Indeed, agricultural production increased by 7.4 percent in 1963, while industrial production - although increasing by 8 percent fell short of the Plan objectives. Nevertheless, had agricultural production increased as estimated in the Plan, the general rate of growth would still have been 6.4 percent - a rate in excess of the 6 percent achieved the preceding year and not too far off the Plan objective of 7 percent.

In general, the level of demand increased in 1963, and the sales of commodities other than textiles and monopoly products, marked important increases. The wholesale price indices showed an increase of 4.2 percent over the preceding year. Moreover, a comparison of 1963 end-of-the-year prices with the corresponding period of 1962 indicates a rise of only 2 percent.

Exports exceeded programme estimates in 1963 and reached the level of $ 368.1 million, but remained, nevertheless, 3.4 percent below the extraordinary level attained in 1962. Imports increased by 10.5

percent to $ 687.5 million. Thus, the balance of trade showed a deficit of $ 319.5 million, but improvements in invisible items reduced the current account deficit to $ 300.5 million.

1963 can also be considered successful from the point of view of Plan implementation. Investments of the public sector increased by 27.9 percent over 1962, and 1963 investment objectives were 91.9 percent realized. Total revenue of the public sector increased by 27 percent, while the increase in tax revenue was 18.4 percent. During the same period, the investments of the private sector exceeded Programme estimates by approximately 30 percent. Thus, total investments in 1963 slightly exceeded Plan estimates.

In contrast to these positive developments, economic activity slowed-down sharply towards the end of the year. Morever, various economic indicators point to a shortage of demand during the first six months of 1964. They show a slow-down in the increase of the production of certain sectors and a stagnation in the form of a decline in investments in the private sector. This situation, brought about by various economic and non-economic factors, necessitated the adoption of various short- and long - term measures, some of which were immediately implemented.

TABLE 2 — National Income Estimates (at 1961 Constant Prices)

(Million TL.)

	1963	%	1964*	%
	(1)	(2)	(3)	(4)
Agriculture	19,628.2	7.4	19,314.1	—1.6
Industry	8,440.4	8.0	9,107.2	7.9
Construction	2,614.5	5.2	2,766.1	5.8
Wholesale and retail trade	4,434.7	8.2	4,678.6	5.5
Transportation and Communication	3,295.6	3.8	3,639.4	7.4
Financial institutions, private professions and services	3,522.9	7.0	3,794.1	7.7
Housing	1,763.0	5.5	1,868.7	6.0
Public services	4,769.6	7.8	5,031.9	5.5
Domestic income	48,468.9	7.4	50,100.1	3.4
Income from rest of the world	—217.1	6.2	—206.4	4.9
Net National Product (at factory prices)	48,252.8	7.5	49,893.7	3.4
Indirect taxes	5,297.3	7.5	5,562.2	5.0
Net National Product (at market prices)	53,549.1	7.5	55,455.9	3.6
Depreciation allowances	2,441.8	6.6	2,612.7	7.0
Gross National Product	55,990.9	7.5	58,068.6	3.7

* *First provisional estimates.*

The preliminary provisional estimates of the State Statistical Institute indicate that the rate of growth of national income in 1964 will fall short of the level attained in 1963. Although a pick-up in economic activity is expected in the second half of the year through measures presently being taken, it appears that it will be very difficult to attain the rate of growth of 7 percent in 1964, and that the GNP will increase by approximately 4 percent. It is believed that if an increase of 4.2 percent - consistent with the Plan objective - had been obtained in agriculture, the rate of growth could have approximated 6 percent.

As a consequence of a very dry and severe winter and belated Spring rainfalls in various regions, cereal production is expected to fall significantly short of last year's level. However, the record - level production of cotton, tobacco, sugar beet and hazelnuts and the expected increase in the number of animals and output of livestock products, are expected to bring the volume of agricultural production close to the 1963 level.

Industrial production statistics point to a general decline in the rate of growth during the first months of 1964, and even indicate a regression in the textile industry. If industrial production cannot be accelerated during the second half of 1964, the Plan objectives will again not be attained in the industrial sector.

A sharp decline in the domestic sales of various manufactured commodities is noticeable in the first half of 1964. The decline in demand for construction materials has led to an increase in stock of certain of these materials. The same situation also applies to textile products.

Commodity prices in the first half of 1964 have remained below the corresponding levels of 1963. The same downward trend is evident in the İstanubl and Ankara cost of living indices.

In foreign trade, exports have fallen by 3.4 percent and imports by 7.5 percent during the first half of 1964, as compared with corresponding levels in 1963. The deficit in the balance of trade in the first six months of 1964 amounts to $ 124.6 million or 12.6 percent below the corresponding figure of 1963.

The rate of implementation of public sector investments in the first six months of 1964 fell short of the rate achieved in the corresponding period of 1963. Such a situation - in the second year of implementation of the Plan - highlights the need to introduce redical measures for securing a proper implementation of public sector investments.

Likewise, in the first four months' implementation of the Budget, a shortfall in public revenue as compared with 1963 is evident. Although such factors as the increase in the number of income tax payment instalments has contributed to this shortfall, public revenue is expected to fall significantly short of the level estimated in the Budget.

2. Basic Data Underlying The Programme

The 1965 Programme was drawn up by taking into account the 1965 tranche of the Five – Year Plan, and the following data was used to reach certain basic assumptions :

a. As was done in the case of the 1964 Programme, the magnitude and objectives of the Plan were adjusted to take account of the national income level attained in 1962 - the year preceding the Plan period. At the time when the 1964 Programme was being prepared, the 1963 rate of growth had been estimated at 6.4 percent. In actual fact it turned out to be 7.5 percent. The 1963 rate of growth at current prices was 13.6 percent over the preceding year and the 1963 GNP at current prices was assumed to have reached the level of TL. 62.759 million.

b. Taking into consideration the fact that no increase in the income of the agricultural sector could reasonably be expected, it was assumed that the rate of growth of GNP would fall short of 7 percent and be around 4 percent.

Under these conditions, the rates of growth attained in 1963 and estimated for 1964, were used as data in determining the 1965 income and other macro-objectives, and the rates of growth assumed in the Plan were applied to such data.

c. The objectives set in the Five-Year Development Plan were expressed in terms of 1961 prices. To be realistic, these objectives have to be re-stated in terms of the most recent available price levels.

Thus the objectives of the 1964 Programme were expressed in terms of 1962 prices. Similarly, the 1965 objectives are stated in terms of 1963 prices.

On this basis, and as was done for the 1964 Programme, a special price index for investment goods was drawn up and the 1964 investment objectives of the Plan were recalculated on the basis of this index. According to this index, the price of investment goods has increased by 2.2 percent in 1963 over 1962.

The 1965 investment objectives were thus set by taking this increase into account, in addition to the 4.4 percent increase in prices which occurred between 1961 an d1962 As a result, the 1965 investment objective of the public sector expressed in 1963 prices amounts to TL. 7.7 billion.

In the case of public current expenditures for 1965, the fact that in the 1964 Budget such expenditures had already exceeded the level assumed in the Plan for 1965, and the fact that it was difficult to find sources of finance for the increasing investment, were taken into account and a uniform price index was not applied to current expenditures. Instead, the 1964 current expenditure budget figures were taken as a basis and were increased in varying degrees according to the type of expenditure. On this basis, the 1965 public current expenditures are assumed to increase 4.5 percent over 1964.

d. One the most important assumptions taken into account in the preparation of the 1965 Programme is that the economic stagnation noticeable in the first half of 1964 will be eliminated during the second half through the measures adopted in the middle of the year, and that thereby the economy will enter 1965 in a situation of general equilibrium.

Should it prove impossible to obviate significantly the shortfall in both public and private sector investments in 1964 and, particularly should it appear that this trend is apt to continue in 1965, a programme of supplementary investment projects which can easily and rapidly be implemented during the 1965 fiscal year will be set in motion to achieve the Plan objectives and pull the economy out of stagnation.

III. MACRO-EQUILIBRIUM OF THE 1965 PROGRAMME

In order to attain, in 1965, the balanced and accelerated development of objectives assumed by the Plan, the following equilibria have to be achieved :

- — Equilibrium between resources and expenditures
- — External equilibrium of the economy
- — Balance of public revenues and expenditures
- — Equilibrium between investments and savings
- — Inter-regional balance in the distribution of investments.

The main lines of the above-mentioned balances are indicated below. The policy decisions and measures suggested in the various sections of the 1965 Programme and the list of public investment projects appended to the Programme, are all based on detailed studies aimed at achieving these balances.

1. Equilibrium Between Resources and Expenditures

In the light of recent developments in the Turkich economy and the basic assumptions adopted, the resources available to the economy and the principal expenditure targets needed to attain the main objectives of the 1965 Programme are shown below :

a. Resources

The GNP is estimated to increase by 7 percent over the 1964 level and reach TL. 69.840 million at 1963 prices.

TABLE 3 — Resources And Their Utilization
1964 - 1965 Estimates (At 1963 Prices)

	1964	1965	%
1. Gross National Product	66.38	69.84*	5.2
2. Foreign Deficit	2.50	1.86	—25.6
3. TOTAL RESOURCES	68.88	71.70	4.1
4. Public Investments	6.85	7.70	12.4
5. Private Investments	4.60	5.00	8.7
6. TOTAL INVESTMENTS	11.45	12.70	10.9
7. Public Current Expenditure	11.25	11.80	4.9
8. Other Expenditures	46.18	47.20	2.2
9. GLOBAL UTILIZATION	68.88	71.70	4.1

* *The 1965 Programme objective was obtained by increasing the estimated 1964 Gross National Product level by 7 percent.*

The foreign deficit is expected to approximate TL. 1.860 billion in 1965. Total resources available to the economy should thus be around TL. 71.7 billion at 1963 prices.

b. Expenditures

Investment expenditures of the public and private sectors will total TL. 12.7 billion at 1963 prices. The ratio of investments to GNP is thus 18 percent.

The investment targets of the public sector have been set, in accordance with the Plan objectives, at TL. 7.702 billion. This constitutes an increase of 12.4 percent over the investment objectives of the 1964 Programme. In view of the importance of investments to the achievement of the growth objectives envisaged by the programmes, and in order not to compound the negative effect of the last years' shortfalls, a particular effort will be made to implement in full the 1965 investments of the public sector.

The 1965 investment objectives of the private sector have been set at TL. 5 billion at 1963 prices. This figure might not at first sight appear high when compared with the realization of previous years. However, it should be considered that investment for the Eregli Iron and Steel Works - which is counted as private sector investment - while amounting to TL. 960 million in 1963 and TL. 820 million in 1964, will total only TL. 70 million in 1965. Consequently all the measures envisaged in the Programme must be implemented in order to attain an investment level of TL. 5 billion in the private sector.

Public current expenditures have been estimated at TL. 11.800 billion in 1965. This figure includes current expenditures of the General and Annexed Budgets; expenditures for transfers and capital formation, and current expenditures of local administrations. It excludes transfers from the General and Annexed Budgets to both the sectors for investment purposes.

In actual fact the public current expenditure figures in Table 3 do not indicate actual public consumption. This is due to the fact that certain public current expenditures are transferred to the private sector and, consequently, appear as private consumption expenditures.

This item "Other expenditures" in Table 3 is a residual and includes all expenditures outside those mentioned above. The major portion of the item "Other expenditures" is made up of private consumption expenditures and stock changes. "Other expenditures" marked an increase of 2.2

percent in 1965. However, this percentage could increase slightly through savings in current public expenditures and delays in implementation.

2. External Equilibrium of the Economy

Present estimates indicate that if the Plan objectives are attained and the other objectives of the Programme are implemented, Turkey's deficit in the balance of current external payments should be around $ 207 million in 1965. This figure is $ 63 million below the 1964 deficit. This significant improvement in the external deficit is a result of the recent serious efforts to realize foreign exchange savings and increase foreign exchange receipts. Whereas imports are expected to increase by $ 25 million (or 3.9 percent) exports are estimated to mark an increase of $ 35 million (or 9.3 percent) in 1965 over 1964. It is thus estimated that in 1965 imports will amount to $ 665 million, while exports will reach $ 410 million. Consequently, it is estimated that the deficit in the trade balance, which stood at $ 265 million in 1964, will be reduced to $ 255 million in 1965.

In order to show the development in the external equilibrium of the Turkish economy, the estimated balance of external payments for 1965 is compared with 1964 Programme figures in Table 4.

TABLE 4 — Balance of External Payments Estimates for 1964 and 1965

(At Current Prices)
(In Million $)

	1964	1965	Difference	%
BALANCE OF CURRENT ACCOUNTS	— 270	— 207	+ 63	+ 23.3
— Trade Balance	— 265	— 255	+ 10	+ 3.8
Imports	— 640	— 665	— 25	— 3.9
Exports	+ 375	+ 410	+ 35	+ 9.3
— Invisible items (net)	— 45	+ 2	+ 47	+ 104.4
— Infrastructure & "off shore" receipts	+ 40	+ 46	+ 6	+ 15.0
CAPITAL MOVEMENTS :	+ 305	+ 207	— 98	— 32.1
Repayment of foreign debt	— 110	— 187	— 77	— 70.0
Other (surpluses, private foreign capital and extension of investment credits)	+ 165	+ 140	— 25	— 15.1
Consortium Credits (deficit)	+ 250	+ 254	+ 4	+ 1.6
NET ERROR AND OMMISSION	— 35	—	+ 35	—

As will be seen from Table 4, a significant improvement in the invisible items of the balance of external payments is expected in 1965. In particular, it is estimated that Turkish workers abroad will remit through official channels some $ 20 million from their savings, which will have a significant impact on the balance of payments.

By adding the deficit of $ 207 million in the balance of current accounts to the service of the foreign debt which will total $ 187 million in 1965, the external financing requirement amounts to $ 394 million. U.S. Public Law 480 assistance, private foreign capital and investment credits are expected to yield $ 140 million. The balance, amounting to $ 254 million, is expected to be met through the channels of the Consortium for Aid to Turkey.

3. Equilibrium in the Public Sector

Table 5 indicates the various expenditure and revenue targets of the public sector together with its financial situation.

TABLE 5 — 1965 Public Revenue and Expenditure Balance (a)

(At Current Prices)
(Million TL.)

	1964	1965	Difference	%
PUBLIC EXPENDITURES				
1. Current expenditures	8,400	8,490	+ 90	— 1.1
2. Investment expenditures (direct)	6,845	7,700	+ 855	+ 12.4
3. Capital formation & transfer payments	2,400	2,921	+ 521	+ 21.7
TOTAL EXPENDITURES.	**17,645**	**19,111**	**+ 1,466**	**+ 8.3**
PUBLIC REVENUES (b)				
1. Tax revenue	9,650	10,800	+ 1,150	+ 11.9
2. Budgeting revenue other than taxes	1,600	1,700	+ 100	+ 6.2
3. Counterpart funds & project financing	2,200	2,025	— 175	— 8.0
4. Own resources & funds	3,248	3,577	+ 329	+ 10.1
TOTAL REVENUE	**16,698**	**18,102**	**+ 1,404**	**+ 8.4**
Additional financing requirements	947	1,009	+ 62	+ 6.5
GRAND TOTAL	**17,645**	**19,111**	**+ 1,466**	**+ 8.3**

(a) Including General and Annexed Budgets, Local Administrations, Revolving Funds and State Economic Enterprises.

(b) Estimates of late July.

Total expenditures of the public sector in 1965 will amount to TL. 19.111 billion, broken down between TL. 8.490 billion for normal current expenditures, TL. 7.7 billion for investments and TL. 2.921 billion for net transfer payments.

As shown in detail in the sections dealing with the financing of the public sector, according to preliminary estimates based on the revenue figure of the first five months of the 1964 fiscal year, total public revenue for 1965 will amount to TL. 18.102 billion. These estimates were based on the assumptions that economic activity would pick up in the second half of 1964, as compared with the first half, that the GNP would increase by 7 percent, that the import programme envisaged by the 1965 Programme would be implemented, and that the tax laws adopted in 1964 would produce their effects in 1965.

The TL. 18.102 billion total public revenue can be broken down between TL. 10.8 billion from tax revenue, TL. 1.7 billion from budgetary revenue other than taxes, TL. 2.25 billion from counterpart funds, and project financing TL. 3.577 billion from own resources and funds. Of course, these figures are preliminary estimates and will be subject to modifications in the light of the level of revenue at the time of the preparation of the Budget.

According to the information available at the time of the preparation of the Programme, the additional financing requirements of the public sector in 1965 will amount to TL. 1.009 million. The means of meeting this deficit, which is the first estimate based on the above mentioned assumptions, are indicated in detail in the sections related to the financing of the programme.

4. Balance Between Investment Savings and Sectoral Distribution of Investments

The distribution of the estimated total investment of TL. 12.7 billion between the public and private sectors and its comparison with the programme estimates of the previous years are shown in Table 6.

TABLE 6 — Distribution of Investments (Private & Public) (Billion TL.)

	1963 (a)	1964	%	1965 (b)	%
TOTAL INVESTMENTS	**9.82**	**11.35**	**15.6**	**12.70**	**11.2**
PUBLIC INVESTMENTS	5.62	6.85	21.9	7.70	12.4
General & Annexed Budgets	3.02	3.40	12.6	3.93	15.6
State Economic Enterprises	1.94	2.65	36.6	2.91	9.8
Local Administrations	0.39	0.53	35.9	0.57	7.5
Revolving Funds	0.27	0.27	—	0.29	7.4
PRIVATE INVESTMENTS	4.20	4.50	7.1	5.00	11.1
Outside Ereğli Iron & Steel	3.38	4.00	18.3	4.93	18.3
Ereğli Iron - Steel Works	0.82	0.50	—39.0	0.07	—86.0

(a) At 1962 prices

(b) At 1963 prices

Note. The investment index for 1963 is 2.2.

The sectoral distribution of 1965 investments and its comparison with the previous year's programme, are shown in Table 7.

TABLE 7 — Sectoral Distribution of Investments

(Million TL.)

	Public			Private			Total		
	1964a/	1965b/	%	1964a/	1965/b	%	1964/a	1965b/	%
Agriculture	1,196	1,520	27.1	600	730	21.7	1,796	2,250	25.3
Mining	509	606	19.0	240	200	—16.7	749	806	7.6
Manufacturing industry	1,078	1,188	10.2	1,374	1,100	—20.0	2,452	2,288	6.7
Energy	858	1,001	16.7	48	110	129.2	906	1,111	22.6
Transport & Communication	1,360	1,401	3.0	140	350	150.0	1,500	1,751	16.7
Tourism	138	161	16.7	70	150	114.3	208	311	49.5
Services	1,474	1,689	14.6	28	60	114.3	1,504	1,749	16.3
Housing	232	134	42.3	2,000	2,300	15.0	2,232	2,434	9.0
TOTAL	**6,845**	**7,700**	**12.4**	**4,500**	**5,000**	**11.1**	**11,345**	**12,700**	**11.9**

a/ At 1962 prices
b/ At 1963 prices

The relation between investments and savings envisaged in the 1963, 1964 and 1965 Annual Programmes and their share in the GNP are shown in Table 8.

TABLE 8 — Balance Between Investments and Savings

(Million TL.)

	1963a/	1964a/	%	1965b/	%
Gross National Product	58.70	62.80	7.0	69.84	11.2
Gross Investments	9.82	11.35	15.6	12.70	11.9
Investment/GNP Ratio	%16.7	%18.1	—	%18.2	—
Domestic Savings	7.16	8.85	23.6	10.84	22.5
Foreign savings (external deficit)	2.66	2.50	— 6.0	1.86	—25.6
TOTAL SAVINGS	**9.82**	**11.35**	**15.6**	**12.70**	**11.9**
Domestic savings/GNP Ratio	%12.2	%14.1	—	%15.5	—
External deficit/GNP Ratio	% 4.5	% 4.0	—	2.7	—

a/ At 1962 prices
b/ At 1963 prices

According to the Programmes the ratio of total investments and savings to the GNP is 16.7 percent in 1963, 18.1 percent in 1964 and 18.2 percent in 1965. On the other hand the ratio of total domestic savings to GNP which stood at 12.2 percent in 1963, is estimated to rise to 14.1 percent in 1964 and 15.5 percent in 1965.

In order to implement investments amounting to TL. 12.7 billion in 1965, efforts will have to be made to secure external savings in the amount indicated in the programme, while simultaneously increasing domestic savings by implementing a policy aimed at channeling increases in incomes towards savings rather than consumption.

PART II

PROBLEMS RELATED TO SOCIAL STRUCTURE

I. PROBLEMS OF SOCIAL STRUCTURE

To evaluate the problems confronting Turkey in the purely economic field, attention must also be given to problems of social structure.

The most important single issue confronting Turkey from the point of view of social structure is the population problem in its wider sense. Apart from the rapid increase in population, the distribution of the population among age groups is also significant. The problems stemming from the pattern of distribution among age groups can be summarised as follows: The number of people of working age in relation to those of school age, is relatively small when compared with other countries. Consequently, even if every person of working age was gainfully occupied, they would still have to support a relatively large group of people of school age.

This peculiarity of Turkey's social structure necessitates a particular emphasis on the following efforts :

1. To secure employment for all persons of working age.
2. To determine ways and means of creating new employment opportunities, and to implement them.
3. To secure a high level of production in employment.

Moreover, inasmuch as the number of people below working age which are to join the labour force within the next ten to fifteen years is already greater than the estimated manpower demand, it is important to reduce the number of non-workers in relation to the income earning population. Consequently, persons with limited incomes must be given the possibility of having to support fewer dependants through family planning.

Apart from this aspect of the social structure, the basic principles of the Turkish Constitution and the Development Plan require that Turkey's social policy be based on social justice. The efforts in the field of social security are of particular significance in this regard. Another basic principle is to achieve an equitable distribution of income. The Programme outlines the situation in this respect as well as recent developments.

A further basic principle is to provide workers with the material and spiritual means to permit them to develop their potentials. Consequently, labour and labour problems were given particular attention and positive steps in this field were further continued.

The attainment of the basic objectives outlined above, requires to a certain extent, the checking of impediments to the normal development of the social structure. The modification of the physical structure of the social system and the achievement of social objectives must be carried out side by side These two closely related problems have, consequently, been dealt with in the same section.

II. POPULATION POLICY

1. General Situation

Family planning, which enables families to have the number of children they wish when they want them, was accepted as the basis of the new population policy. The delay in the necessary changes in the law for the implementation of this policy appears to be an important problem.

The draft law which would enable family planning to be practised has not yet been approved by Parliament. There has been insufficient research by and education of the health personnel who will work to educate the people in this field.

Educational programmes have not been prepared and the necessary preliminary work for the implementation of the law has not yet been completed. The lack of preparation will cause approval by Parliament to be delayed even further.

TABLE 9 — Population Increase In Turkey **(In Millions)**

1960	1961	1962	1963	1964	1965
27.7	28.5	29.3	30.1	31.0	31.8

2. Measures

a. Information about the new law will be given to the public and its implementation will be effectively realized by the Ministry of Health and Social Aid with the co-operation of the Ministries of Defence, Education, Village Affairs, the universities and the press.

b. Methods of approaching the people and mass communication media will be established according to the economic and cultural peculiarities of individuals and regions.

c. Preparations for the import of the necessary media and medicines or their production in Turkey, will be completed shortly.

Care will be taken that the prices of these medical appliances and medicines conform to the purchasing power of the population.

d. The Maternity-Child Organization of the Ministry of Health and Social Aid will be responsible for family planning measures. The possibility of having public and private health institutions participate in these activities will be examined.

Mobile teams will be established and they will work to educate the public and to provide the necessary medicines, media and health aids.

A Research and Evaluation Centre will be established to evaluate the results of the population policy and to determine necessary measures.

III. EMPLOYMENT AND MANPOWER

1. General Situation

The employment objective of the Development Plan is to secure the highest possible level of employment for the available manpower. For this purpose, the Plan seeks to reduce unemployment, to raise the technical level of workers, to develop an effective employment policy aimed at making the best use of trained manpower, to facilitate labour mobility and to secure an adequate balance in the distribution of manpower among various professional groups.

Although certain progress has been made in implementing the measures recognized by the 1963 and 1964 Programmes with regard to the long-trem employment and manpower objectives of the Plan, significant progress has not been achieved in fields of particular importance to the solution of employment problems, such as employment-creating projects and the development of labour intensive technologies.

Moreover, the measures to eliminate the shortage of trained personnel in certain fields have not been entirely successful, and the studies regarding employment and manpower which were to have been initiated in 1964 have been delayed. The adoption of effective measures in the field of employment depends, to a large extent, on the availability of such studies and research work.

The sectoral distribution of the active population by age groups, based on the available information, is shown in Tables 10 and 11.

TABLE 10 — 15 - 64 Age Group Active Population Estimates

Age Groups	1963	1964	1965	Index 1963 = 100 1963-1964	Index 1964 = 100 1964-1965
15 - 24	3,338,525	3,344,075	3,307,097	100.2	98.9
25 - 34	3,897,749	3,995,506	4,107,489	102.5	102.8
35 - 44	2,238,824	2,294,974	2,359,292	102.5	102.8
45 - 54	2,016,623	2,067,159	2,125,094	102.5	102.8
55 - 64	1,343,996	1,351,353	1,341,972	100.6	99.3
TOTAL	**12,835,717**	**13,053,267**	**13,240,938**	**101.7**	**101.4**

TABLE 11 — Sectoral Distribution Of 15 - 64 Age Groups Active Population Estimates

Sectors	1963	1964	1965	Percentage Distribution of Active Population per Sector
Agriculture	9,960,516	10,129,335	10,274,968	77.6
Mining	83,432	84,846	86,066	0.6
Manufacturing Industries	930,589	946,362	959,968	7.3
Construction	320,893	326,332	331,023	2.5
Services & Trade	1,540,287	1,566,392	1,588,913	12.0
TOTAL	**12,835,717**	**13,053,267**	**13,240,938**	**100.0**

2. Measures

a. Measures to induce skilled manpower, which is in short supply, not to seek employment abroad, will be re-examined and developed. The Ministry of Labour will co-operate in this respect with the Employer's and Labour Organization.

b. The facilities of the "Guidance and Employment Agency" of the Labour and Employment Organization will be further developed so as to facilitate the inter-regional mobility of labour.

c. In fields where a shortage of qualified personnel is felt (technical and health fields), the study for determining the reasons why professional and technical personnel seek employment abroad will be completed and appropriate inducements to work in Turkey devised and introduced.

d. The measures in the 1963 and 1964 Programmes to reduce the gap between the supply and demand of manpower, will be borne in mind in the work of the State Employment Office. When re-training workes for new jobs, use will be made of educational programmes, seminars in universities, and the Institute of Public Administration.

e. A joint survey on the subject of professional wage schedules and standards will be carried out by the State Statistical Institute, the State Planning Organization and other interested organizations and be completed in 1965.

f. The preparatory work jointly carried out by the Ministries of Industry and Labour, universities, the Productivity Centre and the State Planning Organization on the ways and means of calculating productivity increases in various fields of production, will be completed in 1965.

IV. LABOUR AND LABOUR PROBLEMS

1. General Situation

The Development Plan emphasises the important role of labour in the achievement of economic growth. It also expects labour to assume a role in society consistent with social justice.

High priority should be given to an effective implementation of both the Law on Collective Agreements, Strikes and Lockouts and the Trade Unions Law, without causing negative repercussions on the social and economic structure of the country. Such an objective can only be attained through the education of both labour and management.

The "Near and Middle East Labour Institute" of the Ministry of Labour, and various employee and labour organizations have been organizing seminars and conferences for this purpose, and the Inter-Ministerial Productivity Centre is also active in this field.

The introduction of modern organizational methods into work units and the use of job evaluation techniques are of great importance during the Plan period. However, the educational efforts foreseen by the 1964 Programme were not sufficiently large and these efforts in particular should be extended in 1965.

2. 1965 Studies

a. Efforts shall be made to secure the passage, in 1965, of the new Labour Bill which was recently submitted to Parliament.

b. Priority shall be given to the reorganization of the Ministry of Labour so as to increase its effectiveness.

c. Current studies on modern methods of organization and techniques of job evaluation shall be completed in 1965, and their results evaluated by the Minitry of Labour.

d. The Ministry of Labour will participate in the current survey by the Ministry of Reconstruction and Resettlement on the movement of population from rural to urban and industrial areas.

3. Problems Connected With Workers Employed in Foreign Countries

Since 1962, an increasing number of Turkish workers have been seeking employment abroad. The importance of this emigration is recognized in the Plan from three points of view :

a. The effect of emigration on the level of unemployment in particular and the development efforts in general.

b. Its importance as a source of foreign exchange.

c. Its probable future effect on the social structure of Turkey.

Apart from the improvement in working and living conditions of workers going temporarily abroad, the problem is important because of the role these workers can play in the economic and social development of the country upon their return. It is, therefore, necessary to adopt certain basic principles in this regard and make plans for their return.

The measures to be adopted with regard to workers going abroad can be dealt with under four headings :

a. The sending of workers abroad.
b. The settling and organization of workers in foreign countries.
c. Making the best use of workers upon their return.
d. The repatriation of workers' savings.

a. The Sending of Workers Abroad

(1) A striking feature of the present emigration trend is that workers going abroad come mainly from the developed regions of Turkey. Efforts must be made to give priority to emigration from regions where unemployment is widespread and to the selection of unskilled workers. A survey on workers going abroad will be carried out and appropriate criteria for their selection devised.

(2) The problems facing Turkish workers abroad stem, to a large extent, from the methods of selection currently applied. Although the information offices established by certain countries importing foreign workers have been effective, a large number of Turkish workers going abroad have no information about where they are going, what type of work they are going to do, and under what conditions they are to work. Workers should be given impartial and objective information regarding their future work. Through an appropriate mechanism and before they sign their contracts, workers should also be given information regarding

the legislation in force in the country in which they are to work on subjects such as family allowances, social security and guarantees provided by labour legislation and taxation.

(3) After a demand for workers is submitted to the Turkish Authorities, the transmittal of this request to the Employment Service, the health examinations, the selection of applicants according to previous occupations and, in general, the processing of such requests takes too much time. Efforts will be made to expedite this processing and to reduce the non-working period of the applicants.

(4) As far as possible, workers should, while still in Turkey, acquaint themselves with the type of work they will be doing abroad. In this subject, contacts will be made with countries importing workers, for the purpose of establishing training centres in Turkey.

(5) An important number of Turkish workers wish to take their wives with them. This should be made possible, and measures should also be taken to ensure the support of families remaining in Turkey.

b. The Settling and Organization of Workers in Foreign Countries

(1) Turkish workers abroad should be able to profit from their foreign experience in both their professional and personal development. They should, consequently, be assisted to advance their social development, to profit from professional courses, to participate in the social life of the host country, to protect their legal rights, to improve their health standards, to solve their living and nourishment problems and to establish suitable relations with their community and their superiors.

(2) The key problem in the above-mentioned relationships is the lack of sufficient knowledge of the language of the host country and the absence of an organization to assist the workers. Turkish workers abroad have been unable to establish normal relations with local labour unions, and the responsible authorities in the host countries have not extended sufficient assistance in this respect. The Ministry of Labour shall determine, in co-operation with the Confederation of Turkish Labour Unions, the scope of the assistance to be extended in this respect, and an extensive network of information offices shall be establiched throughout the foreign countries employing Turkish labour.

(3) The various interested ministries and, in particular, the Ministry of Foreign Affairs shall take the necessary measures to facilitate and expedite the issuance of all documents relating to workers abroad or to their relationship with Turkey.

(4) The necessary technical work shall be carried out to make possible a better reception of Turkish radio broadcasts by workers abroad, and a more efficient distribution of Turkish newspapers and literature shall be secured by the Ministry of Tourism and Information, the Turkish Radio and Television Administration and the related institutions.

(5) Efforts shall be made to introduce measures to ensure the economic, social and cultural development of Turkish workers abroad.

c. Making the Best Use of Workers upon Their Return

Most of the Turkish workers go abroad for a pre-determined period of time and with the idea of returning home. Upon their return these workers will have to adapt themselves after having been accustomed to a developed Western European environment to a less developed environment and its shortcomings. A survey shall consequently be made by the Ministry of Labour and the related establisments to determine the approximate number of workers returning and the time of their return, together with the qualifications they have acquired. Moreover, a separate survey will be made to determine the fields in which the workers expect to be employed upon their return. These estimates will be evaluated in the context of the manpower studies of the Annual Programmes and the Second Five-Year Plan, and the fields in which a demand for manpower is felt will be communicated to workers wishing to return to Turkey.

d. Repatriation of Workers' Savings

The savings of Turkish workers amount to substantial sums and tend to increase rapidly. The repatriation of these savings through official channels is of paramount importance from the point of view of reducing the requirements for extraordinary external financing. The views and recognized measures in this regard will be found in the section of this Programme relating to the equilibrium of external payments.

V. SOCIAL SECURITY

1. General Situation

The realization of social justice is, together with economic development, one of the aims of the Plan. The development of a social insurance system to achieve this aim has been incorporated in the Plan and Annual Programmes.

Efforts to extend social security in Turkey, are limited to economic possibilities. Although an important step has been taken with the passage of the new Social Insurance law, the fact that the aid funds of banks, insurance and re-insurance companies, Union of the Chambers of Commerce, Chambers of Industry and the Stock Exchange were not united with the Workers' Insurance Institution constitutes a drawback.

TABLE 12 — Situation of The Active Population in Sectors Other Than Agriculture

Year	Average Number of Persons benefiting from social security, Retirement Fund, Workers' Insurance Institution, Retirement Fund of the State Railways and Ports Administration	Active Population in non-agricultural occupations a/	Ratio of insured active population in non-agricultural fields-percent
1955	758,278	2,475,000	30.6
1956	815,686	2,503,800	32.5
1957	858,502	2,532,600	33.8
1958	891,004	2,561,400	34.7
1959	907,394	2,590,000	35.0
1960	945,644	2,619,000	36.1
1961	1,018,932	2,744,391	37.1
1962	1,050,566	2,809,207	37.3
1963	1,098,425	2,860,025	38.4

a/ The General population increase is 28 per thousand

— *passage from general population to active population is done according to the ratios of 1950 - 1955.*

— *for the classification of active population according to sectors, a fixed ratio is accepted for the years 1955 - 1963. This ratio is 77.5 for agriculture and 22.5 for industry and services.*

Out of 2.9 million people employed in non-agricultural, wage-earning and salaried occupations in Turkey today, 38.4 percent fall within the scope of the Workers' Insurance Institution, the Retirement Fund, the Military Factories Retirement and Financial Aid Fund, and the Retirement Fund of the State Railways and Ports Administration.

The active population numbers some 13 million people including the agricultural sector, but only 8.6 percent of the active population falls within the scope of the social insurance scheme. This ratio shows the importance of the subject.

The number of insured persons falling within the scope of the employment accidents, medical disability, old age, death and maternity insurance schemes provided by the Workers' Insurance Institution for workers is shown in Table 13. Taking 1955 as the base year (1955 = 100) the general index rose to 139 in 1963.

TABLE 13 — Situation of Workers Insured under the Workers' Insurance Institution Number of insured

Year	Workers (average)	General Index	Chain Index
1955	466,852	100	100
1956	506,204	108	108
1957	530,029	113	104
1958	549,947	117	103
1959	555,797	119	101
1960	577,991	123	103
1961	611,481	130	105
1962	638,582	136	104
1963	650,432	139	101
1964E	838,000	179	128
1965E	945,000	202	112

The number of insured workers which was 650,432 (Workers' Insurance Institution) in 1963, is expected to rise to 945,000 with the implementation of the new Social Insurance Law in 1965. The Retirement Fund which covered 440,893 people in 1963, should cover nearly 475,000 workers in 1965.

2. Studies in 1965

a. Studies shall be completed on the possibility of establishing a sickness, old-age benefit and life insurance scheme covering professional men and artisans.

b. Studies shall be carried out for the establishment of unemployment insurance for permanent workers, and the general policy to be pursued in this regard shall be determined.

c. Studies for covering agricultural workers in a general scheme of social security shall be completed and a general policy shall be evolved.

d. The social security provided to employers by the new Personnel Policy will become effective after approval of the Civil Service Law. In the meantime, the Ministry of Finance, the State Personnel Board, the Retirement Staff Fund, the Workers' Insurance Institution and other related institutions shall carry out the necessary studies looking toward the establishment of a comprehensive social security system.

e. Social insurance funds shall be channeled toward economic and social development targets, in conformity with the character of social insurance, and these shall be efficiently operated.

VI. INCOME DISTRIBUTION POLICY

1. General Situation

The Development Plan attributes the same importance to an equitable distribution of income as to a rapid increase in gross national income. According to this income distribution policy, the main targets to be taken into consideration can be summarised as follows :

(1) To use the share of national income devoted to increasing consumption mainly to raise the living standards of people in lower income brackets.

(2) To minimise regional disparities.

(3) To secure an equitable division of the tax burden in proportion to income.

(4) To extend public services to people in lower income brackets and to regions which have not benefitted from them previously.

Important decisions concerning the income distribution goals envisaged by the Plan were taken and implemented in 1963 and 1964.

a. Balance among Income Brackets

(1) Employees and Wage-Earners

Before the introduction of the Plan, the salaries of employees lagged behind rising prices, although GNP in real prices also rose. Thus, the share of wages in national income declined. In order to prevent this lagging behind and to raise the living standards of employees, the salaries and wages of public sector employees and wage earners were raised by 20 percent in 1961 and by a further 15 percent in 1963. Moreover, measures such as minimum subsistence level deductions from wages an dlump-sum exemptions in salaries, were introduced. Complementary social measures applied in public agencies, especially in State Economic Enterprises, also had positive effects but since these measures were not uniformly applied they tended to create an imbalance in the State Economic Enterprises as a group. Moreover, the current system which is applied to civil servants, to employees working under contract, to people with salaries and wages, and which results in unequal remuneration for similar kinds of work, needs to be altered.

(2) Workers

The wages of workers have been marking a general increase due to factors such as an increase in investments, an increase in the demand for labour from abroad, adjustment in minimum wages and the Law on Collective Agreements, Strikes and Lockouts enacted in 1963. According to the figures of the Workers' Insurance Institution the average daily income which stood at TL. 15.64 in 1961, has risen by 14.5 percent to TL. 17.91 in 1963.

TABLE 14 — Daily Average Income of Insured Workers (At Current TL. Prices)

Years		Daily Average Income	General Index	Chain Index
1961		15.64	—	—
1962		16.52	105.6	105.6
1963		17.91	114.5	108.4
1964	January	17.84	114.1	—
	February	18.84	120.5	—
	March	17.22	110.1	—
	April	18.47	118.1	—

Source : 1963, Operations and Activity Statistics of the Workers' Insurance Institution.

With regard to income distribution, positive steps were taken by applying measures such as lump-sum exemptions and minimum subsistence-level deductions from the wages of workers, and increases in the exemption rates in compulsory saving bonds.

The enactment of the Social Insurance Law in 1964 extended social security to a larger section of the population, thus marking a positive step towards an equitable distribution of income to workers.

(3) Agricultural Incomes

Although a part of agricultural income originates from rent and return from capital, the major part is earned by labour. Before 1962, the real income of the first group increased while it conversely decreased in the second group.

In 1961, the price of wheat, which is the main agricultural product, was increased but a bad harvest precluded an increase in incomes. In 1962, as a result of a better harvest and an effective price policy, the real income of farmers considerably increased. In 1963, due to good weather conditions and fairly stable prices, agricultural incomes increased by an even greater amount. Complementary price policies in major products such as sugar-beet and tobacco, also helped increase the income of farmers. Although an increase in the volume of agricultural production is not expected in 1964, the high level attained in 1963 should be maintained and thus the share of agricultural incomes relative to other sectors should not mark any decline. However, it is a fact that this increase in income mainly benefitted the big landowners or the farmers harvesting industrial crops, and it did not improve the position of small landowners of minimum unit or the labourers to the same extent. However, the increased demand over the last two years for agricultural workers in some parts of the country and the fixing of a minimum wage for them, resulted in slight rises in the income of certain peasants working as farm labourers. The amendments to the Income Tax Law, introduced in 1963 were intended to eliminate this unequal income distribution by taxing high agricultural incomes. However, these measures were not effective and a bill reducing agricultural exemptions and introducing a minimum tax for farmers, was enacted in 1964.

The great income inequality in this sector cannot be eliminated by tax measures only. An equitable distribution of income in the agricultural sector also requires a comprehensive land reform.

(4) Incomes in Industry, Commerce and of Self-Employed Persons

Before the Plan period, the rapid increase in prices and the implemented price policy resulted in an increase of the share of incomes from industry and commerce and of self-employed persons in the national income. The exemptions in the profit tax and the subsequent income tax systems and their ineffective implementation, could not prevent an increased disparity among income groups.

The 1961 Income Tax Law, as amended, the Inheritance Tax, Property Tax and Private Car Tax Laws, and the resulting increase in the share of this group in development expenditure sought to achieve a better income distribution. However, these measures are still insufficient for an equitable distribution of income.

(5) The Effect of Measures on Income Distribution

During the first years of the Plan period, various measures to eliminate the disparity in incomes and to fulfil social justice goals, were introduced and implemented. Although it cannot be maintained that these income distribution measures are sufficient, on the whole, they nevertheless had positive effects. The amendments to the Law on Collective Bargaining, Strikes and Lockouts, the taxation of agricultural incomes, the Social Insurance Law and the Income Tax Law made in favour of wages; and amendments to the taxation of private cars, inheritance and devolution laws and the taxation of real estate, can be considered as important measures which had positive effects on income distribution. Moreover, the stability of the price level over the last years, and the maintenance of the fixed prices of consumer goods, have affected the equitable distribution of income favourably. Conversely, the difficulty of preventing tax losses constitutes an evident drawback with regard to income distribution.

Finally, the absence of a free price system in certain sectors of the economy and the shortcomings in the distribution of certain goods have led to the emergence of a class of middlemen with unjustified incomes, which further affects income distribution in an adverse way.

b. Balance between Regions

Another goal of the Development Plan regarding income distribution, is to give priority to regions less developed with regard to social services and institutions, thus realizing a balanced development between regions.

Before the Plan period, the funds created through the limited capacity of less developed regions flowed towards developed regions together with the enterprising section of the population, thus leaving the less developed regions poorer than ever.

The 1963 and 1964 Annual Programmes attempted to give priority to less developed regions in investments in education, health, public utilities and services. In addition, the investment deductions introduced by the tax laws will be applied at higher rates in the less developed regions in 1965.

2. Measures to be Applied in 1965

The measures which will positively affect income distribution and which are consistent with the goals of the Plan are shown in various parts of the 1965 Programme.

The situation, as described before, makes it imperative to implement the recommended measures immediately.

Long-run measures which will directly affect income distribution, such as reorganization measures, land and personnel reform measures which will preclude a loss of tax revenues, and the extension of public services to a wider group of people, will be given careful consideration.

An extensive survey which will yield the required data for the measures to be adopted in the field of income distribution is to be completed in 1965.

PART III

SECTOR PROGRAMMES

GENERAL SURVEY OF THE SECTOR PROGRAMMES

1. General Situation

The sector programmes for 1965 have been prepared in accordance with the targets accepted in the First Five - Year Plan, but the necessary projects forecast in the Plan have been reviewed in the light of new statistics, and certain changes have been made accordingly.

Particularly when making demand estimates, account has been taken of new trends. This has been done in sectors where sound information is available by adding the data of 1961, 1962, 1963 and the first half of 1964 to the trends of 1950 - 1960 on which the Plan is based.

To approach the subject this way conforms to the principles forecast in the Plan.

Studies in some sectors reveal varied developments since the inception of the Plan. On the other hand, apart from important variables such as income and price levels which affect internal demand, considerable changes over the last two year have also occurred in the external demand conditions for certain groups of products. Moreover, the estimated amounts of foreign industrial consumption of certain products and services which affect total demand, have been changed due to the inability to complete some investments on time and the inability to reach Plan targets in import substitution.

In making the estimates for 1965, all these important factors have been emphasized and in sectors where adequate information is available, results have been obtained by making the price and income analysis together.

Price flexibility of supply, with the exception of certain products, is low in Turkey. This is due to weather conditions which affect production of agricultural crops and to the meagre capital resources that limit production of industrial goods. The low flexibility of supply in agricultural products is a common characteristic of all countries, but the low flexibility of supply in industrial products is a peculiarity of under - developed countries in general. For this reason, in determining the 1965 production targets, these facts and especially the existing bottlenecks have been taken into consideration. As pointed out separately in the relevant sections of each sector in the Programme, accumulation of stock and the obstacles in some sectors are due the low flexibility of supply.

In various sectors certain deviations from the physical targets foreseen in the Plan have been made with the object of securing a balanced distribution of investments among sectors in accordance with the conception mentioned above.

In the distribution of investments among sectors and the selection of projects, the value added by these investments to the national income has been taken into account according to Plan principles and the following criteria :

a. In relation to the balance of payment deficit and foreign exchange savings, priority has been given to export oriented and import substituting projects.

b. Projects have been selected to ensure production of the same amount of goods with a smaller amount of capital.

c. Priority has been given to under-developed regions which have development potentials.

d. Investments have been channeled towards the rapid elimination of obstructions in sectors where bottlenecks exist.

In the Development Plan the economy is examined by dividing it into nine major groups, and a further division into sixty-three sectors. In the 1964 Programme, by conducting additional studies, two new sectors were dealt with (i. e. Forestry Products and the Printing Industries). In the 1965 Programme the Hide and Leather Industry has been dealt with thus raising the number of sectors to sixty-five.[1]

This year the analysis of each sector has been made according to a certain model. After summarizing the problems peculiar to sectors and to the implementation of the Plan over the last two years, internal production and consumption estimates of basic groups of products, the comparison of demand and supply and the effect of the sector on exports and imports have been examined, and programmed investments and measures have been developed systematically.

In social subjects, the necessary changes have been made on this model taking into account the peculiarity of the sector.

2. Development Targets of the Sector

Using the methods outlined above and assuming the production targets determined in sub-sector could be attained, the indices of production targets that can be realized according to major sectors have been shown in Table 15.

1/ In the 1965 Programme one of the sectors was eliminated.

TABLE 15 — Indices of Production Targets in Sectors

	Indices			Percentage Changes (Chain Index)		
Sectors	**1963**	**1964**	**1965**	**1963**	**1964**	**1965**
Agriculture	108.3	107.1	111.4	108	99	104
Mining	114.6	129.8	135.5	115	113	104
Manufacturing industry	110.0	121.1	138.5	110	110	114
Construction *	118.0	138.8	148.1	118	118	107
Energy	113.2	127.8	149.2	113	113	117

* *Indices of construction products have been estimated on the basis of the fixed prices of 1963.*

Except in the agricultural sector in which production depends on weather conditions and the mining sector where special conditions occur, continuous improvement has been observed in sectors in general since 1962.

In the agricultural sector, 1963 and were generally fruitful years. Because records for agricultural production were broken in 1963 the rate of production in 1964, which is in fact above normal, appears to be low.

Estimates for 1965 have been made on the assumption that purposed developments in the implementation of intensive farming will be realized as a result of normal weather conditions, irrigation, fertilizing and the use of good quality seeds and feed.

It is estimated that in mining no important changes in conditions will occur and that the sector will continue to expand under the same conditions. However, the meeting of fuel requirements from internal resources at an increased rate has resulted in a considerable inrease of petroleum production in 1963 and 1964.

TABLE 16 — Investments of 1965

(Million TL.)

Sectors	General and Annexed Budgets	Revolving Capital	State Economic Enterp.	Local Administrations	Total Public Sector	Private Sector	Total Programme	1965 Section Plan	Differences
Agriculture	1,255.4	210.6	28.6	25.0	1,519.6	730.0	2,249.6	2,298.0	— 48.4
Mining	49.1	12.0	539.8	5.0	605.9	200.0	805.9	835.0	— 29.1
Manufacturing	170.1	21.3	986.3	10.0	1,187.7	1,100.0	2,287.7	2,398.0	—110.3
Energy	354.2	5.0	542.1	100.0	1,001.3	110.0	1,111.3	1,114.0	— 2.7
Transport and Communication	786.0	—	419.9	95.0	1,400.9	350.0	1,750.9	1,564.0	+186.9
Tourism	34.5	10.0	91.4	25.0	160.9	150.0	310.9	173.0	+137.9
Housing	106.5	—	2.8	25.0	134.3	2,300.0	2,434.3	2,515.0	— 80.7
Services	325.2	2.0	102.6	210.0	639.8	40.0	679.8	670.0	+ 14.4
Education	708.6	25.0	—	70.0	803.6	10.0	813.6	840.0	— 26.4
Health	140.0		96.0	10.0	246.0	10.0	256.0	293.0	— 37.0
TOTAL	3,929.6	285.9	2,909.5	575.0	7,700.0	5,000.0	12,700.0	12,700.0	+ —

The 1965 Programme has been prepared on the assumption that 1964 Programme would be implemented. Projects which are not completed during the period forecast in 1963 and 1964 Programmes will be realized in the 1965 Programme.

The value of production of the manufacturing industry has been developing at a rate of 10 percent over the last two years. However, this development has not yet reached the rate foreseen in the Development Plan. It is estimated that with an increase of 14 percent, a higher rate of development will be achieved during 1965.

Construction work is developing in close conjunction with the amount and combination of investments.

In the sectors of energy, coke and electricity, efficient development has been observed in recent years. However, difficulties will arise in future years in meeting the demand for various types of energy, due to the fact that some of the plans for the addition of productive capacity cannot be fully executed.

3. Investments

In 1965, TL. 12.700 million worth of investments will be made on the basis of 1963 prices. The distribution of investments among sectors and investing departments is shown in Table 16.

The investment programme covers in detail all the public sectors (with the exception of local administrations) and outlines the programmes of the sectors.

Authorities of the public sector (departments with general and annexed budgets, departments with revolving capital, State Economic Enterprises) have prepared the draft for the 1965 investment programme and the projects proposed for inclusion in the programme, and have submitted these to the State Planning Organization. There these programmes and projects have been evaluated according to the principles of the Development Plan, and included in the 1965 Programme.

Under present conditions, it has been possible to assemble complete investment programmes from local administrations. The State Planning Organization has, through the intermediary of the Ministry of the Interior, requested investment programmes for 1965 from them. However, the response has been incomplete because some of these administrations have not yet developed efficient working methods. As a result, estimates are based on a combination of values received from local administrations which have furnished information and the data obtained from other sources. The State Planning Organization has made a sample enquiry among industrialists, with the object of determining private sector investments expected to be made in 1965. To these results, the information available at the Organization has been added and the investment trends of the private sector have been estimated.

The Programme gives investment estimates from the viewpoint of the private sector, indicates appropriate fields of investment and outlines the necessary measures for directing the private sector towards these fields.

The share of sector investments among total annual investments is shown in Table 17.

TABLE 17 — Share of Sector Investments in Total Annual Investments (Percent)

Sectors	1965 Section of the Plan	1965 Programme	Differences
Agriculture	18.1	17.8	— 0.4
Mining	6.6	6.1	— 0.5
Manufacturing Industry	18.9	18.1	— 0.8
Energy	8.8	8.8	— 0.0
Transportation & Communication	12.3	13.7	+ 1.4
Tourism	1.3	2.4	+ 1.1
Services	5.3	5.4	+ 0.1
Housing	19.8	19.4	— 0.4
Education	6.6	6.4	— 0.2
Health	2.3	2.0	— 0.3
TOTAL	**100.0**	**100.0**	

Some deviations from 1965 Plan targets in the distribution of investments among sectors are observed in the above table, although the share of the sectors in total volume of investments is not affected.

In the sectors of agriculture, mining, manufacturing, housing and health, investment targets foreseen in the Plan were above these of the Programme; in the energy sector Plan targets equal Programme targets and in tourism and services the Programme targets exceed Plan targets.

In general, where targets have had to be raised, it is due to the fact that the 1965 Programme is over burdened by work started bul not completed for various reasons in past years.

In tourism, because past activities were found to be inadequate, the investment programme has been raised above the Plan targets. This sector has a considerable effect on the balance of payments. Assistance to the private sector particularly has been taken into account.

The importation of goods for investment activities in 1965 will be TL. 2,610 million or $ 280 million. This demand for foreign exchange is shown in detail by sectors in Table 18.

TABLE 18 — Foreign Exchange Requirements **(Million TL.)**

Sectors	General & Annexed Budget	Revolving Capital	State Econ. Enter.	Local Adm.	Public Sector	Private Sector	Total
Agriculture	70.0	3.0	1.0	—	74.0	25.0	99.0
Mining	10.3	—	269.0	—	279.3	35.0	314.3
Manufacturing Industry	61.8	13.6	464.7	1.0	541.1	548.6	1,089.7
Energy	117.5	—	198.5	—	316.0	42.1	358.1
Transport & Communication	126.7	—	253.0	10.0	389.7	50.0	439.7
Tourism	—	—	27.5	—	27.5	10.0	37.5
Services	90.0	—	36.7	15.0	101.7	5.0	106.7
Housing	3.5	—	—	1.5	5.0	10.0	15.0
Education	5.0	1.0	—	1.0	7.0	2.0	9.0
Health	28.0	—	20.0	1.0	49.0	2.0	51.0
TOTAL	**512.8**	**17.6**	**1,270.4**	**29.5**	**1,790.3**	**729.7**	**2,520.0**

AGRICULTURE

1. Introduction

The main objectives of the agricultural policies of the Five Year Plan can be summarized in the following points :

a. To achieve an increase in agricultural production which will sustain an average 7 percent per annum increase in national income.

b. To improve nutritional levels.

c. To promote the social aims of the Plan.

d. To achieve a long-term balance in land use.

Within this general framework, structural reform, intensification of agriculture and the creation of the necessary conditions which will contribute to the organization of farmers' co-operatives have been foreseen in the Plan.

As for the possible lines of development in agriculture, bearing in mind the natural resources available and the intensification of agricultural production, considerable increases in the production of livestock, industrial crops, fisheries and forestry were projected in the Plan.

Public investments in agriculture were realized by about 69.8 percent in 1963. On the subject of irrigation, effective collaboration between the State Hydraulic Works and the General Directorate of Soil Conservation, and the securing of a balance between investments in irrigation and agricultural extension services are considered to be important problems. The implementation of the improved seed and fertilizer programmes was satisfactory.

The livestock feeding business has developed mainly as a result of the removal of the price ceiling system on livestock products and the introduction of new policies.

The new fishery organization which was foreseen in the Plan has not yet been set up.

A start has been made on the use of a new forestry management system which will increase the productivity of the forests and the adoption of rational land use policies

Although studies are being made on such basic issues as land reform, pasture, fishery, water rights and farmers' irrigation associations, specific decisions on these matters have not yet been reached.

Some of the new capacities created in 1963 are shown in Table 19.

TABLE 19 — New Capacities Added to Agriculture

Subject	Unit	1963 Programme Target	 Realized Capacity	 Rate of Realization %
Irrigation	Hectares	60,000	41,934	70
Tractors	Number	6,000	9,279	155
Ploughs (Tractor-drawn)		3,000	4,705	157
Drills (Tractor drawn)		1,700	165	9
Combines		650	374	58
Threshers		1,500	710	47
Grain drills (Horse-drawn)		13,000	579	4
Ploughs		20,000	9,522	48
Sprayers			17,754	—
Re-afforestation	Hectares	35,800	33,600	94
Forest Roads	Km	3,000	3,977	133

1962 - 1964 developments and 1965 estimates of land use and the area irrigated under government irrigation projects are shown in Table 20.

TABLE 20 — Land Use and Areas Irrigated Under Government Projects (1,000 Hc.)

Land use	1962 E	1963 E	1964 E	1965 E
1. Area of Fields	23,214	23,617	23,611	23,604
a) Area Sown	15,166	15,276	15,276	15,276
b) Fallow	8,048	8,341	8,335	8,328
2. Meadows and pastures	28,666	28,260	28,260	28,260
3. Orchards and vineyards	2,201	2,207	2,213	2,220
4. Forests	10,584	10,584	10,584	10,584
5. Wasteland	13,393	13,390	13,390	13,390
TOTAL	**78,058**	**78,058**	**78,058**	**78,058**
Area irrigated under government project	127	176	218	313

Source: *Column numbers 1 and 2 from State Institute Of Statistics. Columns 3 and 4 estimates of SPO*

Changes during 1962 - 1964 in the prices of major agricultural commodity groups have been shown in Table 21 which was derived from wholesale price indices.

As will be seen, there was a 4 percent increase in the wholesale food price index in 1963 over 1962. In 1964, however, there was hardly any change over 1963.

TABLE 21 — 1962 - 1963 Wholesale Price Indices of Agricultural Commodities 1953 = 100

Commodity Group	1962	1963	1964a
Cereals	270	268	266
Pulses	329	458	451
Livestock	241	270	320
Livestock products	228	243	247
Feeds	250	243	236
TOTAL FOOD	260	271	272

a/ Average of the first six months.
Source : Conjuncture office

Although there has been a decrease in feed prices in the first half of 1964, livestock prices have increased. Probably this increase has been due to the removal of the price ceiling on livestock products and an increase in livestock exports.

2. Production Estimates

Estimates of the value of production and value added for 1965 and those of previous years are shown in Table 22.

The total level of agricultural production has generally been high in 1964. However, it falls about 1 percent below that of 1963 which was a particularly good year. Had the 1964 winter been less cold and dry, and spring rains come earlier, cereal production could have been higher, which would have resulted in a higher total agricultural production.

Factors restricting agricultural production can be summarized as follows : structural, technological and marketing problems. Structural problems have to be dealt with within the framework of land reform.

Cultivation, sowing, planting, fertilizing, plant protection, harvesting, livestock feeding and husbandry and hunting are not in general being practised in a manner consonant with modern technological developments. These problems are also connected with the limited use during production of fertilizer, feed, machinery, tools and irrigation.

Marketing problems are related to marketing organization, marketing facilities and price policies. The activities of middlemen have been curbing the transmission of developments in consumption to producers. The lack of storage facilities and packing houses has also been a restricting factor and a marketing problem. It will therefore be necessary to organize the farmers in such a way as to improve the marketing system.

Moreover, the fact that a clear policy concerning the relative prices of agricultural goods is not being applied is one of the main factors which is restricting production.

3. Investments :

Estimates of investments in agriculture are shown in Table 23.

TABLE 22 — Value of Production and Added Value in Agriculture, 1961 Prices

(Million TL.)

	Values				Percentage Changes Chain Index			General Index 1962 = 100
Commodity	**1962a/**	**1963a/**	**1964 E**	**1965 E**	**1963**	**1964**	**1965**	**1965**
Cereals	8,613	9,773	8,615	8,969	113	88	104	104
Pulses	480	498	491	537	104	99	109	112
Industrial Crops	3,715	4,205	4,367	4,660	113	104	107	125
Fruit and vegetables	3,621	3,740	4,147	4,220	103	111	102	117
Others	164	194	159	166	118	82	104	101
TOTAL	**16,593**	**18,410**	**17,779**	**18,552**	**111**	**97**	**104**	**112**
Livestock	2,659	2,731	2,815	2,950	103	103	105	111
Livestock products	4,210	4,388	4,510	4,700	104	103	104	112
Poultry	437	457	465	485	105	102	104	111
TOTAL	**7,386**	**7,576**	**7,790**	**8,135**	**104**	**103**	**104**	**111**
Forestry products	260	243	254	279	93	105	110	100
Fisheries	108	108	180	180	100	167	100	167
Others	851	869	886	900	102	102	102	106
TOTAL VALUE OF PRODUCTION	**25,118**	**27,206**	**26,889**	**28,046**	**108**	**99**	**104.3**	**112**
Value Added	**20,224**	**21,722**	**21,384**	**22,236**	**107**	**98**	**104.0**	**110**

a/ Preliminary

TABLE 23 — Estimates of Investments in Agriculture **(Million TL.)**

	Amount					Percentage Changes (Chain Index)		
Establishments	**1962**	**1963**	**1964/a**	**1965**		**1963**	**1964**	**1965**
Public Sector	635.0	745.6	1,196.0	74.0	1,519.6	117	160	127
Private Sector	300.0 E	577.0 E	600.0 E	25.0	730.0 E	192	104	122
TOTAL	**935.0 E**	**1,322.6 E**	**1,796.0 E**	**99.0**	**2,249.6 E**	**141**	**136**	**125**

a/ 1964 Programme targets

CROPS AND LIVESTOCK

1. Introduction

A general view of the crops and livestock situation has been outlined in the previous section.

2. Estimates of Demand and Production

a. Demand

It is almost impossible to obtain dependable data from the available sources on the food consumption pattern of the population. However, an attempt has been made to estimate total demand for main commodities. This work has been based on assumptions in the Plan of per capita consumption and actual levels of production of commodities in recent years. These estimates are shown in Table 24.

TABLE 24 — Estimates of Demand for Agricultural Commodities (Million Tons)

	Quantity				Percentage Changes (Chain Index)		General Index 1962 = 100	
	1962 E	1963 E	1964 E	1965 E	1963	1964	1965	1965
Wheat a/	7,345	7,545	7,780	8,025	103	103	103	109
Rice a/	112	119	126	134	106	106	106	120
Maize a/	810	832	855	878	103	103	103	108
Other cereals b/	1,070	1,070	1,065	1,063	100	100	100	99
Pulses a/	337	348	360	374	103	103	104	111
Vegetables c/	3,305	3,605	3,800	4,000	109	105	105	121
Potatoes c/	1,489	1,600	1,500	1,600	107	94	107	107
Grapes d/	2,960	2,357	2,800	2,896	80	119	103	98
Citrus	215	289	217	285	134	75	131	133
Apples b/	322	326	300	325	101	92	108	101
Meat	430	452	481	510	106	106	106	119
Milk	3,281	3,384	3,481	3,634	103	103	104	111

a/ Seeds and wastage included

b/ Seeds excluded

c/ Production

d/ Dried grapes excluded

b. Production

According to present standards of technology, agricultural land is being over used and this over-utilization will continue for a long time. Considering the potential level of productivity, it is obvious that the agricultural resources are not being used to the fullest capacity or best advantage.

Agricultural production in 1962 and 1963 and estimates for 1964 and 1965 are shown in Table 25.

Agricultural production, in general, meets demand. For those commodities which are not exported and imported, consumption changes over short periods in accordance with production. In the long run, however, adjustment of production to developments in consumption can be anticipated.

TABLE 25 — Estimates of Crops and Livestock Production **(Million Tons)**

	Quantity				Percentage Changes (Chain Index)			General Index 1962 = 100
Products	**1962**	**1963**	**1964 E**	**1965 E**	**1963**	**1964**	**1965**	**1965**
Wheat	8,450	9,500	8,350	8,650	112	88	104	102
Barley	3,500	4,288	3,400	3,750	123	79	110	107
Maize	800	990	1,000	1,100	124	101	110	138
Rice	165	130	130	150	79	100	115	91
Pulses	370	381	400	420	103	105	105	114
Sugar beet	2,730	3,280	3,600	3,900	120	110	108	143
Tobacco	82	132	145	145	161	110	100	177
Cotton	245	257	270	300	105	105	111	122
Potatoes	1,489	1,600	1,500	1,600	107	94	107	107
Sunflower	60	87	120	120	145	138	100	200
Vegetables	3,305	3,605	3,800	4,000	109	105	105	121
Oranges	219	300	230	310	137	77	135	142
Lemons	74	78	65	80	105	83	123	128
Peaches	74	63	90	95	85	143	106	—
Tea (green)	37	47	57	65	127	121	114	176
Apple	322	326	300	325	101	92	108	101
Grapes	3,382	2,693	2,300	3,250	80	85	141	96
Figs	210	208	225	225	99	108	100	107
Hazelnuts	122	88	164	110	72	186	67	90
Olives	290	619	600	550	213	97	92	190
Meat	460 E	475 E	490	515	103	103	105	112
Milk	3,281 E	3,384 E	3,481	3,634	103	103	104	111
Wool	43	45	47	50	104	104	106	116

Tea production has exceeded domestic consumption and this has caused increases in tea stocks.

3. Foreign Trade Effect

a. Export

Exports of agricultural commodities made in 1962 and 1963 and estimates for 1964 and 1965 are shown in Table 26.

TABLE 26 — Exports of Agricultural Products (At Current Prices)

	Qantity and Value 1,000 Tons (Million TL.)								Percentage Changes (Chain Index) (as to value)		
	1962		1963		1964a/		1965		1963	1964	1965
Products	**Qu.**	**Va.**	**Qu.**	**Va.**	**Qu.**	**Va.**	**Qu.**	**Va.**			
Barley	—	—	58	26	60	22	35	18	—	85	82
Lentils	20	21	21	16	30	27	35	32	76	168	118
Canary seed	10	12	11	13	10	10	10	10	108	77	100
Chick peas	10	11	2	3	3	2	5	3	27	66	150
Oranges	4	3	11	10	15	12	13	10	333	120	83
Hazelnuts	44	504	41	485	43	504	45	486	96	104	96
Raisins	69	148	66	149	60	157	60	171	100	105	109
Figs	30	51	27	53	32	58	30	54	104	109	93
Lemons	10	12	11	12	14	16	13	13	100	133	81
Pistachio-nuts	5	43	3	31	3	28	5	47	72	90	168
Tobacco	90	865	45	600	60	756	80	900	69	126	119
Cotton	105	562	135	705	100	540	130	675	125	76	125
Cattle	123	59	115	55	150	72	120	59	93	131	82
Sheep	621	76	561	71	650	81	600	81	93	114	100
Goats	323	28	274	24	350	29	300	27	86	121	93
Wool	4	28	4	29	5	31	5	40	103	106	129
Mohair	5	69	7	114	5	72	7	117	165	63	162

a/ Programme estimates

4. Investments

Estimates of investments in crops and livestock for 1962 - 1965 are shown in Table 27.

TABLE 27 — Estimates of Investments in Crops and Livestock (Million TL.)

	Amount				Percentage Changes (Chain Index)		
	1962	1963	1964a/	1965	1963	1964	1965
Public	518	564	995	1,258	108	176	126
Private	298 E	559	568 E	695 E	188	103	122
TOTAL	**816 E**	**1,123 E**	**1,563 E**	**1,953 E**	**138**	**139**	**125**

a/ Targets of 1964 Programme

5. Measures

a. Measures to be taken for the purpose of improving the balance of production and demand.

(1) Agricultural Services :

One of the main factors which can contribute to the development of agriculture is the improvement of extension services. Agricultural development also requires the use of extension personnel in practical rather than administrative work, the training of personnel and the co-ordination of the agencies concerned with extension services. In these connections the following measures shall be taken :

a. The activities of extension officers shall be directed towards solving the particular problems of the regions in which they work and their administrative work shall be reduced.

b. Extension officers shall be given the opportunity of doing technical work on the state farms, nurseries, experimental stations, etc. Their programmes of work are to be arranged in such a way that they will get practical experience which will help them in their work.

c. The necessary arrangements for the co-ordination of the use of vehicles by various agencies of the Ministry of Agriculture shall be made.

(2) A study shall be made on the per capita consumption of agricultural commodities and changes in stocks.

(3) Land use and soil conservation

(a) Land classification work shall be commenced in those areas where there have been disputes over land between agricultural and forestry departments, and where pastures are being ploughed. In these problem areas the classification of state owned land shall be given first priority.

(b) The General Directorates of the State Hydraulic Works, Forestry Department and TOPRAKSU shall co-operate in the preparation and implementation of watershed improvement projects.

(c) Wild olive and pistachio tree areas shall be developed; these areas shall be brought into production and for this objective, a long term programme shall be prepared.

(d) Special regulations, which had been put into effect initially to encourage growers to increase tea planting, shall be removed in order to curb over-rapid increases.

(4) Irrigation

Studies on water rights and irrigation association regulations which were started in 1963 and 1964 in accordance with the Annual Programme shall be completed.

(a) The target of areas to be opened up for irrigation is 120 thousand hectares in 1965.

(b) In preparing new large-scale irrigation projects, priority shall be given to those projects which will complete unfinished irrigation schemes. As for small irrigation projects, priority shall be given to those dry regions where big irrigation projects have not been undertaken. The target for 1966 is 125 thousand hectares of new, irrigated land and projects will be prepared accordingly.

(c) Special local committees, composed of local representatives of the General Directorates of the State Hydraulic Works, TOPRAKSU and Agriculture, shall be set up in those areas where big irrigation projects exist. These committees will serve the purpose of developing irrigated farming in these areas.

(5) Fertilizing

In all matters relating to the use of fertilizer, co-ordination among the Ministries of Finance, Agriculture, Industry and Commerce, the Agricultural Bank, Turkish Sugar Factories Company, State Agricultural Supply Company and other fertilizer producers, shall be continued as foreseen in the 1963 and 1964 Programmes.

(a) The target for the utilization of fertilizer in 1955 totals 860 thousand tons. Of this, 310 thousand tons is nitrogenous, 520 thousand tons phosphate and 30 thousand tons potash. To reach these targets, imports will be necessary and appropriate measures shall be taken to ensure that imported fertilizer is available.

(b) The Ministry of Agriculture shall carry out a crash extension programme to promote the increased use of fertilizer. The necessary personnel foreseen in the Plan will devote themselves solely to fertilizer extension work. Fertilizer producers will also participate in the propagation of ideas on the use of fertilizer.

(6) Seed

The agencies which were mentioned in the 1963 and 1964 programmes shall continue to co-operate in the production and distribution of improved seeds.

(a) The production and distribution target for 1965 for various types of seed is 200 thousand tons. To achieve this end - the distribution of improved seed - the main policy will be to exchange improved seed in part payment for the crops that farmers will sell to government agencies, the remainder being paid in cash, as in the past.

(7) Plant Protection

The Ministry of Agriculture shall carry out plant protection activities in co-operation with local farmers' organizations.

(8) Special Measures for Livestock

The efforts to effect measures, foreseen in the 1963 and 1964 Programmes, relating to the removal of price controls on livestock products, the establishment of livestock markets and disease control, shall continue according to the Plan targets.

a. Livestock development projects and projects for introduction of fodder crops on a rotation system will have to be undertaken in the same regions.

b. In the development of the livestock business particular attention shall be paid to the development of meat production.

c. The breeding of Angora goats shall be developed while the effect on the balance of payments, industry and the livestock business by Merino sheep breeding shall be studied.

d. Because of their importance in livestock feeding, the export of oil-cakes shall be licensed.

e. Efforts shall be made to obtain the participation of livestock breeders and feeders in the control of livestock diseases.

(9) Marketing

In order to implement the measures related to the prevention of price fluctuations and to improvements in the marketing of agricultural products, the main policy shall be to use farmer organizations, particularly in those areas where development projects have been started.

(10) Credits and Co-operatives

a. In giving investment credits, priority shall be given to irrigation, farm improvement and the livestock business.

b. Short term credits shall be given in kind such as seed, fertilizer, feed, pesticides and fuel.

c. Conditions shall be created to encourage farmers to set up co-operatives which will serve to improve the marketing of agricultural products and the allocation of credits.

(11) Financial Measures

A study shall be made on the direct and indirect subsidies which are being given to the agricultural sector and these subsidies in future will be applied in accordance with the principles of the Plan.

b. Measures Related to the Realization of Investments

(1) The participation of the public in such investment projects as irrigation, flood control and pasture improvement shall be viewed as one of the factors which will determine the priority of projects, and efforts shall be made to obtain the public's participation.

(2) Although not included in the 1965 Programme, new projects for flood control can be started on condition that the participation of the local population is secured in the prevention of floods which may occur during the year and which may re-occur in future years, and provided that the annual state expenditure does not exceed 10 percent of the flood control investments in the 1965 Programme. However, the total value of new projects should not exceed 50 percent of the flood control investments allocated in the Development Plan for the years preceding the programme year.

FORESTRY

1. General Outlook

The three main objectives of the forestry policy of the Five Year Plan are as follows :

a. To protect and conserve forests;

b. To restore and improve degraded forests, thus raising the quality and yields of existing forests, and to manage them efficiently;

c. To gain new forestry land by afforestation, so as to provide for a natural and ecological balance in watersheds.

In 1963 and 1964 an increase in foresty products was observed, which paralleled the increased investment in this field. In particular, stocks of industrial wood have increased due to an excess of production over consumption.

In accordance with the 1963 forestry programme, investments were realized to the extent of 91.0 percent.

2. Demand and Production Estimates

a. Demand

The estimates tor domestic consumption in 1965, compared with previous years are shown in Table 28.

TABLE 28 — Estimates of Domestic Demand for Forestry Products

		Amount				Percentage Changes (Chain Index)			General Index 1962=100
Products	**Units**	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Industrial timber	Th. M^3	2,633	2,760	3,076	3,600	109	111	117	137
Fuel wood	Mil. Ton	5.6	6.1	6.4	6.5	109	105	102	116
Forestry products									
— Resin	Th. Ton	2.0	2.9	2.9	3.0	145	100	103	150
— Storax	Th. Ton	0.042	0.043	0.032	0.030	102	74	94	71

b. Production

Production estimates for forestry products in 1965 are shown in Table 29, in comparison with production figures for previous years.

TABLE 29 — Estimates of Domestic Forestry Production

Products	Units	Amount				Chain Index			General Index 1962 = 100
		1962	1963	1964E	1965E	1963	1964	1965	1965
Industrial timber	Th. M^3	3,155a/	2,865	3,076	3,600	91	107	117	114
Fuel wood	Mil. Ton	5.7	6.1	6.5	6.5	107	107	100	114
Forestry Bye-products									
— Resin	Th. Ton	0.03	—	0.03	0.03	—	—	100	100
— Storax	Tn. Ton	3.1	1.9	2.9	3.0	61	153	103	97

a/ Production exceeded estimates because of unusual storm that caused a large fall of trees, particularly within the Bolu Region, in 1962.

c. Relation between Demand and Production

Since 1962 there has been a continuous increase in stocks of fuel and industrial wood. In order to reduce accumulated stocks and in view of the anticipated increases in production in accordance with the targets of the Plan, it is necessary to promote domestic use and exports. Taking into consideration the need for a progressive timber industry and the external demand for timber, particularly for industrial purposes, the production of industrial wood must be developed rapidly. However, the following measures have first to be undertaken : to complete an inventory by modern methods, to ensure that the most productive parts of forests receive first priority for cutting, and to establish a road network within the most productive forest lands.

3. Estimates of Investments

Forestry investment estimates are shown in Table 30.

TABLE 30 — Estimates of Forestry Investments (Million TL.)

Organizations	Value				Percentage Changes (Chain Index)		
	1962	1963	1964a/	1965	1963	1964	1965
Public Sector	117	181	199	235	155	110	118
Private Sector	2E	3E	10E	10E	150	333	100
TOTAL	**119E**	**184E**	**209E**	**245E**	**155**	**114**	**117**

a/ Targets for 1964 Programme.

4,500 Km. of forest road will be constructed. Afforestation of 50,000 hectares of land will be completed and 22,000 hectares of degraded forest will be improved. Erosion control will be started on 12,500 hectares of land by new planting and 280 million saplings will be planted according to the proposed investments for 1965.

4. Measures

a. All the measures contained in the 1963 and 1964 Programmes, such as large scale afforestation, delimitation of forest land, establishment of nurseries in forest land, exportation of beech trees etc. will be continued.

b. Wherever possible and as soon as inventory surveys are completed, first priority will be given to the execution of the plans necessary for improving production. In these regions, and in order to obtain the desired higher yields, reorganization will be carried out and supported at all times with the necessary personnel, equipment and vehicles.

c. The most productive parts of the forest will receive first priority for cutting. A forestry road construction programme will therefore be prepared in order to provide connections within these areas.

d. The possibility of developing tourism in mountain areas will be studied with the aim of providing additional income to the local population.

e. Aerial photography and mapping work will be accelerated for regions where inventory studies are to be started in 1966 or later.

C. FISHING

1. General Situation

a. According to the targets of the Five-Year Development Plan, and in view of the rich reserves of fish in the sea and in the fresh waters of Turkey, it is expected that production will increase by 180 percent. In this connection, and bearing in mind modern methods of exploitation, the main policy is to assess existing fish resources.

b. Effective investments in this industry by governmental agencies were not included in the 1963 and 1964 Programmes. Although preparatory studies on measures relating to the regulation of fisheries and fishing have been completed, final results have not been obtained so far.

There has not been any progress in the organization of the private sector. The interest on credit extended to the fishing industry has been decreased from 9 to 7 percent, but in order to get positive results from this measure, the amount of credit which is available should also be taken into consideration.

2. Demand and Production Estimates

a. Demand Estimates

Consumption of sea food is fairly high in production areas, particularly in coastal zones. In other regions, however, the consumption of sea food has not developed due to the uneven distribution of sea food inland and the lack of marketing facilities. People are also not in the habit of eating this kind of food.

Estimates of the amount of available sea food, computed on the basis of the amount of production, are shown in Table 31.

TABLE 31 — Estimates of the Available Amount of Sea Food For Domestic Consumption

(1,000 Tons)

	Amount				Percentage Changes (Chain Index)		
	1962	1963	1964	1965	1963	1964	1965
Fishing Products a/	37.7	40.9	67.5	78	108.9	165.0	115.5

a/ Exports and raw material for the canning industry are excluded.

Note: There have been no specific studies on demand. Therefore, the present level of consumption is based on estimates of production.

b. Estimates of Production

Sea food production consists mostly of fish. Most fishing in Turkey takes place in the sea rather than in fresh water and it depends mostly upon the annual movements of fish. This is the cause of the seasonal fluctuation in fish production.

Estimates of fish production in 1962 - 1965 are shown in Table 32.

TABLE 32 — Estimates of Domestic Fish Production (Thousand Tons)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964	1965	1963	1964	1965	1965
Fisheries	60	60	100	100	100	167	100	160

Hindrances to increased output by the fishing industry are an undeveloped taste for sea food, which restricts increases in consumption, on the one hand, and marketing difficulties, the lack of fishermen's organizations and insufficient fishing equipment on the other.

Fresh water fishing could play an important role in creating additional production of fish products and in creating a taste for fish in the inland population.

c. Comparison of Demand and Production

In Turkey the importation of sea food is insignificant. Therefore, consumption is closely allied with production. In actual fact, existing production has not been utilized and sometimes the catch is thrown back in the sea. In these circumstances importation is obviously unnecessary. Part of the production is being exported while part is used as raw material for the canning industry. More than 60 percent of production is consumed fresh.

3. Foreign Trade Effects

a. Most of the sea food which is exported goes to European and Mediterranean countries. More than 80 percent of this consists of fresh and frozen fish. It is also possible to promote the export of other types of sea food such as turtles, although these amount to a small proportion of total sea food exports.

1962 - 1965 fish products export estimates are shown in Table 33.

TABLE 33 — Estimates for Sea Products Exports

Products	Unit	Years				Percentage Changes (Chain Index)		
		1962	1963	1964	1965	1962	1963	1965
Sea products	Thousand Tons	6,762	6,036	9,000	9,000	89	149	100
Sea products	Thousand TL	14,886	14,238	22,500	18,900	96	158	84
Sea products	Thousand $	1,654	1,582	2,500	2,100	96	158	84

Because of the present limited potential of the internal market, further efforts to promote exports may affect the development of the fishing industry. Priority must be given to exports in order to support the development of the fishing industry.

b. Effects on imports

(1) Direct Effects :

Out of all imported materials only fishing nets have been considered. Until the middle of 1963 the demand for nets was met by imports. Later, one local factory started to produce nets and it is also planned to have a second factory operating in 1964.

Imports of fishing nets in 1962 - 1965 are shown in Table 34.

TABLE 34 — Imports of Fishing Nets

		Years				Percentage Changes (Chain Index)		
Items	**Units**	**1962**	**1963**	**1964a/**	**1965**	**1962**	**1963b/**	**1964**
Nets	Tons	113	93	34	. .	82	—	
Nets	Thousand TL.	4,133	3,582	1,229		87	—	
Nets	Thousand $	459	398	136		87		

a/ *First four months' figures*

b/ *Index has not been calculated because final figures for the whole year were not available.*

In the second half of 1964, the importation of nets will be inserted into the liberalization list, provided that the Ministry of Commerce takes over control of this list. However, it is not expected that permits for the import of nets will be given because total capacity of domestic production after the start of operation of the second factory will amount to 110 tons at the rate of 300 days at 8 hours per day. This means that national demand will be met by local production.

(2) Indirect Effects

The main imported commodity in this industry which has an indirect effect on imports, is the netting yarn used in the local production of fishing nets. For this industry it is necessary to import 350,000 thousand tons of synthetic yarn. This amount has been calculated on the requirement needed for the operation of the factories at full capacity. In addition, engines for sea-going vessels, ropes, synthetic cork, some protective chemicals and dyes are included as secondary import commodities.

4. Investment Estimates

Little investment is made by the public sector in the fishing industry, most of it being made by the private sector.

After the organization of the public sector an increase of investment is expected, although under the present conditions some agencies are already allowed to make some investments. Regarding this possibility in the 1965 Programme it is expected to see the start of the construction of fishermen's harbours.

Estimates of investments related to the fishing industry are shown in Table 35.

TABLE 35 — Estimates of Investments in the Fishing Industry (Million TL.)

	Value				Percentage Changes (Chain Index)		
Establishments	1962	1963	1964a/	1965	1963	1964	1965
Public Sector		0.4	2.0	26.6		500	1.330
Private Sector		15.0 E	22.0 E	25.0 E		153	109
TOTAL	..	**15.4 E**	**24.0 E**	**51.6 E**	..	**162**	**206**

a/ Targets for 1964 Programme

5. Measures

a. Measures should be taken to establish a balance between production and demand.

b. The problem lies in utilizing the existing fishing potential rather than in meeting the demand. At the same time, the crucial problem is to stimulate an increase in demand.

Some measures included in the 1964 Programme such as determination of the types of equipment, machinery, environmental conditions and location of fish, studies on the development possibilities for domestic and foreign marketing, credits for fishing, regulations for fishing and the setting up of a public organization to regulate fishing, will be continued.

(1) Basic research and collection of data on the seasonal movement of fish, until the establishment of a new fishing organization, will be conducted by the Institute of Hydro-biology of the University of Istanbul in close co-operation with the Ministry of Commerce. Necessary information on how to improve fishing methods will be given to fishermen as soon as possible.

(2) An investigation will be made by the PTT, the Meat and Fish Organization and other related organizations on the possibility of providing fishing information to fishermen by wireless broadcasts.

(3) In addition to making the necessary allocation for locally made yarn, standards comparable to world standards in respect of price and quality will be determined.

(4) In giving credits, the Agricultural Bank will co-operate closely with fishing co-operatives.

(5) In order to develop fresh water fishing, river stocking and fish breeding in dams, lakes and artificial lakes, measures governing credits and co-operation between the organizations concerned, will be taken.

b. Measures for promoting exports

The chief factors affecting the promotion of exports is to ensure continuity of production and a decrease in costs. Measures for the promotion of production will be considered with a view to the expansion of exports.

III. MINING

The mining sector has been studied in two sub-sections :

A. Coal and other minerals

B. Petroleum

In addition to the prospecting of petroleum, the manufacture and distribution of it, which are related to the manufacturing and commercial sectors rather than to mining, have been studied in the sub-sector, petroleum.

Production geared to meet demand in this sector, compared with previous years is shown in Table 36. According to the estimates, the total production value will be TL. 1,901 billion in 1965 and thus 18.3 percent over the production value in 1963.

TABLE 36 — Total Production Value of Mining Sector **(Million TL.)**

	Value				Percentage Changes (Chain Index)			General Index 1962=100
Sector	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Mining	1,402	1,607	1,821	1,901	114.6	113.3	104.4	135.6

The total investments to be made in the mining sector are shown in Table 37.

TABLE 37 — Total Investments in Mining Sector **(Million TL.)**

	Value			1965		Percentage Changes (Chain Index)		
Establishments	**1962**	**1963**	**1964E**	**Foreign**	**Total**	**1963**	**1964**	**1965**
Public Sector	238.9	304.2	520.9	—	605.9	127	171	116
Private Sector	—	80.6	245.5	—	200.0	—	305	81
TOTAL	**238.9**	**384.8**	**766.4**	**—**	**805.9**	**161**	**199**	**105**

COAL AND OTHER MINERALS

1. Present Situation :

a. It has been accepted as a basic principle in the part of the Development Plan which concerns coal and other minerals that the national wealth must be conserved i. e. that surface and underground ores should be mined in accordance with sound economic and technical principles and that the value of mineral production should be increased by domestic extraction. However, as a result of lack of capital and a slowness in forming joint stock companies, it has been difficult to create establishments to concentrate and refine, and in some cases even to mine, ores. Therefore, in order to realize the principles of the Plan and to ensure development along the lines foreseen in it, it will be necessary to create an organization to give credits to miners, or to authorize one of the existing establishments to perform this function.

b. Estimates of the total production of coal and other minerals in 1963 were realized. However, the production of some particular minerals differed from the estimates. The deviations from the estimates are explained below :

Increased demand and favourable prices in external markets for antimony, colmanite and meerschaum encouraged their production which was therefore greater than the estimates.

Because of the increased foreign demand for high content magnesite and the positive results obtained from the export of 2,000 tons of ores, important investments began to be made by domestic and foreign companies in the field of magnesite.

Increases have continued in the production and sale of mercury, the price of which tends to be rising.

In connection with barites and iron, since world prices are low and domestic transportation costs are high, exports have not been realized.

With regard to chromium, production and export have not reached the programme estimates and stocks have accumulated. This was due to a contraction in the American steel industry, technological changes in the world steel industry, shipment of high chromium content ores at low prices to foreign markets by Russia and high prices for transportation, this last factor being an important part of chromium costs.

73.5 percent of the Programme estimates for mineral exports was realized in 1963 i. e. TL. 101.5 million.

As for the measures relating to this industry, some changes have been made in Mining Law No. 271.

The principles which should be given priority, on the use of 1/25,000 scale regional maps for prospecting, except in restricted areas, have been determined and published as a pamphlet by the General Staff Headquarters.

Public sector investments of TL. 237.144 million assumed in the 1963 Programme for coal and other minerals were realized to the extent of 85.9 percent and amounted to TL. 203.749 million.

c. Capacity

The export of minerals as ore means that mining activities depend on the external market demand and because of this a specific plan has not been followed in adjusting the capacities.

Because of poor sales in 1963, chromium production was at a very low level of available capacity. Although the borates capacity has been adjusted in anticipation of increased sales, operation at less than full capacity has continued because of the gradual growth in the European market.

d. A rising trend in the world prices of some minerals continues. However, these increases have hardly been reflected in Turkish ore sales. Prices for these minerals are given in Table 38.

TABLE 38 — Increases in the Prices of Some Minerals

	Months			
Minerals	**January**	**March**	**April**	**May**
Lead	79	81	81	82
Zinc	96	90	100	108
Mercury	225	265	263	263

2. Demand And Production Estimates

a. Demand

Estimates of domestic demand for coal and other minerals in 1965 compared with previous years are given in Table 39.

b. Production

Production estimates for coal and other minerals in 1965 compared with previous years are given in Table 40.

c. Demand and Production Comparison

As will be explained below, production capacities in some minerals do not fully meet the demand.

(1) The demand for copper, zinc, lead and meerschaum could not be met. However, there are known reserves of some of these minerals and therefore surveys on the exploration of these should be undertaken.

(2) The demand for marble could not be met. A sufficient number of mines have not been opened or put into operation. However, these mines could soon be prepared if technical assistance and credit were available.

(3) High transportation costs for chromium, iron and barites increase prices and diminish foreign demand.

(4) Since the sale of borates is only possible in the form of processed ore, investments in refining establishments should be made.

(5) The production capacity of sulphur, which is only for domestic demand is not sufficient. With regard to phosphorite, the necessary preparations for its production are being made.

TABLE 39 — Internal Demand Estimates in Mining (Coal and Other Minerals)

(Thousand Tons)

Main Products	Amount 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
Copper (crude)	11.3	11.8	20.0	20.0	104	170	100	177
Barites	1.9	1.0	1.0	1.0	53	100	100	53
Mercury (raw)	0.027	0.004	—	—	15	—	—	—
Iron	600.0	588.0	1.145	1,600	98	195	140	267
Fluorite	0.6	0.7	2	2.5	117	286	125	417
Chromium	—	—	—	20	—	—	—	—
Sulphur	18.5	19.7	20.0	20.5	107	102	103	111
Meerschaum	0.032	0.090	—	—	281	—	—	—
Coal (hard coal)	3,887.0	4,142.9	4,220.0	4,410.0	107	102	105	113
Coal (lignite)	2,979.0	3,312.0	4,000.0	4,000.0	111	121	100	134
Marble (block, sheet 1,000 m^3)	12.7	11.0	7.0	12.0	87	64	171	95
Mineral water (1,000 lt)	8,200	13,000	10,000	11,000	159	77	110	134

Note : Until the 1965 Programme, it had been foreseen that production and demand for coal and other minerals would be equal. However, as new information of domestic demand can be related to production, in the 1965 Programme demand was separated from supply. As no reliable stock figures are to hand, stock changes are included in the amount of domestic demand for some minerals.

Source : State Statistical Institute, Kızılay General Directory.

TABLE 40 — Production of Coal and Other Minerals

(Thousand Tons)

	Amount				Percentage Changes (Changes Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
Antimony b/	3.4	3.1a/	4	4.5	91	129	113	132
Copper (raw ore d/ e/)	876.3	825.0	880	880	94	107	100	100
Barites	1.9	1.0	5.0	15.0	53	500	300	790
Borates	113.9	93.0	120.0	125.0	82	129	104	110
Mercury (pure)	0.092	0.098	0.150	0.180	107	153	120	196
Zinc (concentrated, hand sorted and coasted)	7.0	4.9	15.0	15.0	70	306	100	214
Lead (concentrated) and zinc - load f/	6.8	7.0	20.0	25.0	103	286	125	368
Iron ore	772.9	616.0	1,300	1,600	80	211	123	207
Fluoride	0.6	0.7	2	2.5	117	286	125	417
Chromium	434.4	200.0	300.0	300.0	46	150	100	69
Sulphur b/	18.5	19.7	20	20.5	107	102	103	111
Meerschaum	0.82	0.150	0.115	0.200	183	77	174	244
Bituminous coal	3,893.0	4,152.9	4,220	4,410	107	102	105	113
Lignite c/	2,979.0	3,312.0	4,000	4,000	111	121	100	134
Maganese	21.0	20.4	50	50	97	245	100	238
Magnesite	9.7	9.7	45	50	100	464	111	516

Table 40. (Continued)

	Amount				Percentage Changes (Changes Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
Marble (blocks and sheets thousand m^3)[a]	16.0	15.0	10.0	15.0	94	67	150	94
Pyrites	107.0	97.0	100.0	120.0	91	103	120	112
Emery	3.4	8.4	10.0	20.0	247	119	200	588
Mineral water	8,200.0	13,000	10,000	11,000	159	77	110	134
TOTAL PRODUCTION VALUE	**772,516**	**793,067**	**860,566**	**897,069**	**103**	**109**	**104**	**116**

Source : State Statistical Institute, Kızılay General Directorate.

a/ Turkish Miners Co-Operation.

b/ Etibank

c/ The realization rate of lignite production for 1963, appears to be far below the programme estimates. However, the amount of 3.8 million tons given in the Programme is for lignite of 3,400 calories. But this amount is comparable to 3,151 tons of lignite with a great value of 4,100 calories which is the average calory content of lignites produced domestically.

d/ Blister copper which was recorded, until the 1965 Programme among the production and demand estimates for coal and other minerals, will now be recorded in the iron, steel and metallurgical industry sector while copper ore will be shown in the mining sector.

e/ The estimated value of production, which is TL. 903 million (amounting to TL. 998 million with the inclusion of blister copper) in the 1963 Programme, has in general been calculated on the basis of the sales prices of the minerals excluding coal. As a result of this the value estimate is high. If estimated transportation costs are taken out and the sale prices are taken as the average prices at the centres of production the value of total production in 1963 would be TL. 709.3 million.

f/ Lead and zinc lead production as raw ore is currently 40 - 50 thousand tons, in addition to the Keban and Simav concentrator the installation of new concentrators in Bolkardağ and Kayseri regions is being considered and in 1965 production is expected to be 25 thousand tons.

(6) Necessary surveys should be made and measures taken in order to meet the large amount of iron ore and coal which will be required by the Ereğli Iron and Steel Factories to be put into operation in 1965.

3. Foreign Trade Effect

a. Export Effect :

The effect of exports from the mining sector is given in Table 41. The quality of the ores is adequate for large sales in European markets. In order to realize these sales, mining and sales should be organized. Moreover, the establishments which are to refine and export ore should be set up as soon as possible.

b. Import Effect :

There have been no imports in the mining sector.

TABLE 41 — Mining Sector Exports

Current Prices (Thousand TL.)

	Value				Percentage Changes			General Index 1962 = 100
Main Products	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Antimony	3,863	5,343	5,600	6,300	138	105	113	163
Copper ore	13,926	10,674	12,500	12,500	77	117	100	90
Barites	—	—	990	1,350	—	—	136	—
Borates	24,471	24,133	21,600	27,000	99	90	125	110
Mercury (pure)	3,272	3,818	6,000	7,200	117	157	120	220
Zinc	2,621	336	2,950	3,000	13	878	102	115
Lead (concentr.)	535	2,566	4,670	12,500	480	182	268	2,336
Iron ore	12,032	762	10,500	—	6	1,378	—	—
Chromium	81,936	40,312	59,400	54,000	49	147	91	66
Meerschaum	1,650	1,297	1,150	2,000	79	89	174	121
Manganese	4,199	2,433	4,320	4,500	58	178	104	107
Magnesite	—	—	2,800	4,700	—	—	168	—
Pyrites	10,587	8,444	9,900	11,800	80	117	119	112
Emery	817	854	1,160	1,750	105	136	151	214
Marble	1,343	1,497	1,500	1,500	112	100	100	112
TOTAL	**161,252**	**102,469**	**145,040**	**150,100**	**64**	**142**	**104**	**93**

Source : Foreign Trade Statistics 1962 - 1963.

4. Investment Estimates

Investment estimates for coal and other minerals are given in Table 42.

TABLE 42 — Investment Estimates for Mining (Coal and Other Minerals) Sector
(Million TL.)

	Values a/				Percentage Changes (Chain Index)		
Establishments	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**
Public Sector	158.5	203.7	265.9	290.0	129	131	109
Private Sector	..	..	51.1	50.0	—	—	98
TOTAL	**158.7**	**203.7**	**317.0**	**340.0**	**129**	**156**	**107**

a/ Realized investment figures for 1962 and Programme figures for 1964 and 1965.

5. Measures

a. In order to meet the increased demand for copper, studies by Etibank on the present possibilities of increasing the copper production should be accelerated and a final conclusion should be reached by June, 1965.

b. Explosive materials utilized mainly in mining and which affect mineral costs, are only sold in eleven cities. The distribution of explosive materials from this narrow network causes inconvenience from the point of view of security and it also increases their prices. Extension of a distribution network therefore should urgently be undertaken.

c. In mining operations the use of ammonium nitrate, which is cheaper and safer than dynamite and produced in Kütahya Nitrogen Industry, should be ensured.

d. Demand still continues in Europe and the USA for various kinds of Turkish marble at favourable prices. But due to the lack of a technical and financial organization for producing and marketing marble, the possibility of obtaining a large amount of foreign exchange is not being realized. Sales should therefore be organized and the necessary credits provided.

e. In order to avoid the bottlenecks in coal supplies expected in coming years, surveys to be made by Turkish Coal Works will be completed by June 1965.

f. The high costs of exporting minerals in the form of ore, limit sales. Transportation costs play a major part in these costs and research will be undertaken to start implementation of special transport tariffs in 1965.

PETROLEUM INDUSTRY

1. General Situation

a. In accordance with the basic principle foreseen in the Development Plan for the petroleum industry, to produce all petroleum products domestically by importing some crude petroleum, since May 1962 refineries have been adjusted to produce more semi-refined products and to meet the motorine oil requirements of the country.

A positive step toward this end was taken in 1964 by the establishment of the Ministry of Energy and Natural Resources in which the responsibility and the authority for adjusting petroleum works to the Plan targets have been combined.

b. The results of the 1963 implementation programme for the petroleum industry are given in Tables 45 and 46. The 1963 Programme estimates for the consumption of gasoline were realized, but more kerosene, motorine oil and fuel oil was consumed than was anticipated to the extent of 5.1, 11.6, and 15.7 percent respectively. Estimates of the crude petroleum required for processing were realized.

With regard to production targets, the production of gasoline, kerosene and fuel oil in 1963 was below estimates. On the other hand a 12.1 percent increase over the estimates has been recorded in motorine oil production.

Total difference in the stocks in the main depots and refineries in 1963 is given in Table 43.

TABLE 43 — Liquid Fuel Stock Changes in 1963 (In Tons)

Stocks	Gasoline	Kerosene	Motorine Oil	Fuel Oil
Stocks at the beginning of year	86,277	50,540	81,772	48,102
Stocks of the end of the year	61,857	32,710	48,329	116,565
Difference	— 24,420	— 17,830	— 33,443	+ 68,463

In 1963 there were exports of liquid petroleum gas, gasoline, naphta, motorine oil and fuel oil amounting to $9.5 million. In the same year, 2,893,500 tons of crude petroleum valued at $ 49.921 million and 45,000 tons of kerosene valued at $ 1.639 million were imported.

General surveys covering 3,390 kilometres and geological surveys covering 3,820 square kilometres were made in 1963 in the course of petroleum research. As a result of 38 team-months of work during the year, gravimetric and magnetometric surveys of 6,039 square kilometres were done and profile seismic studies of 565.8 kilometres were completed.

In 1963, 23 research and 27 expansion soundings were taken, i. e. a total of 50 soundings amounting to 84,178 metres were made by 13 companies in 114 research areas of 52,303.68 square kilometres. Out of these soundings petroleum was found in 25 wells.

In the first six months of 1964, 21 soundings were made by 12 companies in 112 research areas amounting to 52,179.77 square kilometres. Out of these soundings, which covered 40,586 metres, 12 were research and 9 were expansion soundings. 8 of these wells contained petroleum.

According to the records in the first six months of 1964, rapid increases occurred in the consumption of gasoline, motorine oil, fuel oil and in the export of fuel oil.

c. Capacities of refineries in terms of crude petroleum tonnage processed annually are given in Table 44.

TABLE 44 — Capacities of Refineries in 1963 **(In Thousand Tons)**

Refineries	Capacity
Batman	700
Izmit	1,000
Mersin	3,200
TOTAL	**4,900**

Without any addition to these capacities, it is possible to increase the amount of crude petroleum for processing up to 5,500,000 tons, due to elasticity in the capacities of the Mersin and Izmit refineries.

d. In 1963, according to Law 187, general tax increases were made on liquid fuels so that the prices of petroleum products would approach the international price level. However, these tax increases did not take into account the effects on production and consumption and the balance in the consumption of various petroleum products deteriorated. In order to improve this situation, prices of kerosene and motorine oil have been increased since 6th July, 1964. In addition, by reducing the customs duties on fuel oil, competition between fuel oil and coal has been ensured.

It is expected that these price changes will restore the balance between the production and consumption of petroleum products.

2. Demand And Consumption Estimates

a. Demand

Estimates of the domestic demand for various petroleum products for 1965 compared with previous years are given in Table 45.

b. Production :

Estimates of production required to meet domestic demand, the amount of crude petroleum to be processed and the value of production for 1965 compared with previous years are given in Table 45.

For the realization of the above mentioned targets, it is assumed that the Batman refineries will operate at full capacity, the Izmit refineries at 25 percent above full capacity and the Mersin refineries at 81 percent of full capacity.

c. Demand and Production Comparison :

Aviation and jet fuel, which are not produced in domestic refineries, and kerosene, the consumption of which could not be met by domestic production, have been imported in previous years. However, petroleum products in which production is higher than consumption have been exported. The refining capacity in Turkey exceeds its needs. It is anticipated that full capacity will be utilized in some refineries in 1965.

Domestic production of crude petroleum is over the Plan estimates at present. It is not expected that further production increases will occur until the completion of the Batman-Iskenderun pipe line.

TABLE 45 — Domestic Consumption and Demand Estimates for Products

(Thousand Tons)

	Amounts				Percentage Changes (Chain Index)			General Index 1962 = 100
Main Items	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
LPG	1.7	8.8	10.0	32.4	518	114	324	1,906
Gasoline	510.5	515.7	707.0	736.0	101	137	104	144
Motorine oil	737.7	875.5	949.0	1,116.0	119	108	118	151
Kerosene	397.9	449.1	490.0	543.0	113	109	111	137
Fuel - oil	421.8	578.7	801.5	1,060.0	137	139	132	251
TOTAL	**2,069.6**	**2,427.8**	**2,957.5**	**3,487.4**	**117**	**122**	**118**	**169**

Source : Petroleum Department 1962 - 1963

TABLE 46 — Domestic Production Estimates for Petroleum Products

(Thousand Tons)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
Main Products	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
1. CRUDE PETROLEUM TO BE PROCESSED								
a. Domestic	595.7	674.5	864.0	1,030.0	113	128	119	173
b. Imports	2,291.1	2,941.3	3,319.0	3,373.0	128	113	102	147
TOTAL FOR CRUDE PETROLEUM	**2,886.8**	**3,615.8**	**4,183.0**	**4,403.0**	**125**	**116**	**105**	**153**
2. MAJOR PETROLEUM PRODUCTS								
a. LPG	6.0	11.1	20.0	32.4	185	180	162	540
b. Gasoline	522.9	541.1	756.0	753.0	104	140	100	144
c. Kerosene	281.9	395.6	476.6	504.6	140	121	106	179
d. Motorine Oil	615.7	879.7	939.0	1,116.0	143	107	119	181
e. Fuel Oil	1,115.0	1,429.3	1,669.0	1,515.8	128	117	91	136
f. Asphalt	90.1	119.4	122.0	140.0	133	102	115	155
g. Naphta	—	20.9	—	—				
TOTAL PETROLEUM PRODUCTS	**2,631.6**	**3,397.1**	**3,982.6**	**4,061.8**	**129**	**117**	**102**	**104**
TOTAL PRODUCTION VALUES FOR MAJOR PETROLEUM (MILLION TL.)	**629.3**	**813.7**	**960.3**	**1,004.2**	**129**	**118**	**105**	**160**

Source : Petroleum Department 1962 - 1963

Since production has been adjusted in order to provide maximum motorine oil, there has been over-production particularly of gasoline and fuel oil, and changes recorded in the stocks of these products are related to exports. It is anticipated that this situation will continue in 1965.

No surplus in gasoline production for 1965 is expected if jet fuel requirements are met by domestic refineries. However, in this case, imports of kerosene which are approximately 40 thousand tons at present would rise to 80 - 90,000 tons.

3. Foreign Trade Effect

a. Export Effect

(Current Prices)
(Thousand TL)

TABLE 47 — Exports in Petroleum Industry

Items	Value 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
LPG	904.9	510.5	1,005.3	—	56	177	—	—
Gasoline + Naptha	—	7,045.0	—	16,158.6	—		—	—
Motorine oil	4,443.0	4,291.5	—	—	97			
Fuel oil	50,103.0	69,414.6	70,376.4	41,534.1	139	101	59	83
TOTAL	**55,450.9**	**81,126.6**	**71,381.7**	**57,692.7**	**146**	**88**	**81**	**104**

Note : The fuel supplied to foreign ships is not included in foreign sales
Source : State Statistical Institute.

The possibility of exportation has been computed on the basis of the excess of domestic production and the condition of foreign markets. However, since an increase in domestic demand decreases the exportable quantity, a significant decrease in fuel-oil exportation is occurring.

b. Import Effect :

(1) Direct Effect :

The importation of petroleum as crude petroleum has increased import values. The excess demand for this commodity not met by local production has been supplemented by imports.

(At Current Prices)
(Thousand TL)

TABLE 48 — Import Effect of Petroleum Industry

Products	Value 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
1. CRUDE PETROLEUM IMPORT	275,985	430,461	431,500	486,000	116	112	101	[illegible]
2. PETROLEUM PRODUCTS IMPORTS								
a. Kerosene	31	114 77	35	12 900	11 140		14 151	42 110
b. Gasoline	6,129	—	—					
c. Aircraft - fuel	1,701	1,233	1,290	1,290	73	105	100	76
d. Jet - fuel	2,645	2,916	3,200	3,200	110	110	100	121
e. Motorine	43,929	—	—	—		—		
f. Fuel - oil	2,997	—	—	—				
SUB - TOTAL	**99,511**	**18,900**	**15,830**	**17,390**	**19**	**84**	**110**	**17**
TOTAL	**375,496**	**449,361**	**497,330**	**503,390**	**120**	**111**	**101**	**134**

Source : Petroleum Office 1962 - 1963

Jet fuel, aircraft fuel and gasoline, have all been imported in order to cover the lack of local production.

As will be seen by comparing Tables 47 and 48, the net effect of foreign trade on the petroleum industry was TL. 320 million in 1962 and in 1963 TL. 368 million were required for imports. It is estimated that these amounts will be TL. 426 million in 1964 and TL. 445.700 million in 1965.

4. Investment Estimates

Investment estimates for the petroleum industry are given in Table 49.

TABLE 49 — Investment Estimates for Petroleum Industry (Million TL.)

	Value				Percentage Changes (Chain Index)		
Establishments	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**
Public Sector	80.4	10.5	255.0 a/	315.9	125	254	124
Private Sector		80.6	194.4	150.0	..	241	77
TOTAL	**80.4**	**181.1**	**449.4**	**465.9**	**225**	**248**	**104**

a/ *According to the first six months' implementation of 1964, it is estimated that the figure will be TL. 233 million*

5. Measures

a. The measures foreseen in the 1963 and 1964 Programmes will be implemented.

b. Measures to improve the domestic production of crude petroleum will be implemented.

c. In order meet domestic demand, studies will be made to secure importation at current world prices.

d. Studies will be made to obtain foreign markets for the exportation of petroleum at current prices.

e. Studies will be made to determine the favourable effect of the imposition of taxes on petroleum products on the national economy and balance of payments, and steps will be taken accordingly.

f. Standards for petroleum will be established.

g. In training personnel, studies and measures will be carried out by the Mineral Research and Prospecting Institute and the Turkish Petroleum Corporation for the developing of the industry.

h. The Turkish Petroleum Corporation and Mineral Research and Prospecting Institute will make investigations into the organizing of a Petroleum Institute which will be able to conduct research into the problems of the petroleum industry and maintenance of quality control.

i. Studies will be completed by March 1965 in order to ensure production of high - grade benzene in time for the 1965 tourism season.

MANUFACTURING INDUSTRY

1. General Situation

Realization of the 7 percent rate of growth which is a target of the Development Plan depends largely on the growth of the manufacturing industry. The following principles have been accepted in the Plan for the development of the industry.

a. To increase the production for raising the national income and welfare level in fields where comparative cost analysis gives favourable results.

b. To protect the domestic production of goods which can be produced in adequate amounts and the required quality.

Some of the measures required to realize these principles have already reached the implementation phase. As a result of the implementation of the Development Plan, new capacities have been created in many industrial branches and the domestic production of new commodities has commenced.

In 1963, there were 6,283 large private workshops registered in the Chambers and 193 large public workshops registered in the Ministry of Industry, totalling 6,476 a/. Distribution of large industry workshops and the number of workers employed according to industrial branches are given in Table 50.

---

a/ Large workshops include those employing more than five workers and having motive power and those employing more than ten workers without motive force.

TABLE 50 — Number of Large Workshops and Employees in the Manufacturing Industry (In 1963)

Industrial Branches	Number of Workshops			Number of Employees		
	Public	Private	Total	Public	Private	Total
Food	56	1,257	1,313	26,437	49,714	76,152
Beverages	11	66	77	5,592	816	6,408
Tobacco	22	29	51	25,873	18,400	44,273
Textile & Clothing	21	1,429	1,450	28,760	113,363	142,123
Forestry Products	16	374	390	3,150	5,780	8,930
Paper	4	68	72	6,419	1,597	8,016
Printing	7	224	231	2,064	4,444	6,508
Leather	—	222	222	—	3,418	3,418
Chemicals	7	491	498	5,342	22,040	27,382
Rubber	—	184	184	—	10,567	10,567
Petroleum & Coal Products	3	5	8	3,469	776	4,245
Non-metallic Products	14	287	301	7,586	15,595	23,181
Metallurgy	6	216	222	14,000	6,631	20,631
Metal Products	7	691	698	7,247	21,622	28,869
Machinery	7	153	160	1,541	2,780	4,321
Electrical Machinery	—	109	109	—	6,966	6,966
Vehicles	12	215	227	19,095	4,039	23,134
Others	—	263	263	—	12,270	12,270
TOTAL	**193**	**6,289**	**6,476**	**156,575**	**300,818**	**457,393**

According to the survey on workshops made by the State Statistical Institute, the number of total workshops in the manufacturing industry is 162,755. Distribution of workshops by industrial branches is given in Table 51.

TABLE 51 — Distribution of Manufacturing Industry Workshops by Industrial Branches

Industrial Branches	Number of Workshops	Percentage Distribution
Food	15,405	9.46
Beverages	1,087	0.67
Tobacco	97a/	0.06
Textile & Clothing	65,766	40.40
Forestry Products	17,552	10.78
Paper & Printing	2,455	1.51
Leather	4,936	3.03
Rubber	926	0.59
Chemicals	1,021	0.63
Petroleum & Coal Products	95	0.06
Non-metallic products	2,945	1.81
Metallurgy	91/a	0.05
Metal Products	29,897	18.33
Machinery	1,558	0.95
Electrical Machinery	3,395	2.08
Vehicles	9,451	5.81
Other industries	6,078	3.78
TOTAL	**162,755b/**	**100.00**

a/ *The number of workshops in the tobacco and metallurgical industries is greater according to other sources*

b/ *Except for 6,000 seasonal workshops.*
Source : State Statistical Institute Workshops Survey, 1963.

Industrial units in the public sector are generally in the form of large factories. In early years the public sector started operations in industries which could not be undertaken by the private sector. Later, as a result of the introduction of these industries into the country by the public sector, the private sector began to operate in many of the same fields.

It is accepted as a principle in the Plan that the public sector will operate in the fields which are not attractive to the private sector and the fields where state undertakings are in the public interest.

The capital of industrial units in the private sector and the number of workers employed in these industries are given in Table 52.

It can be seen from the table that 22 percent of all private sector firms and 23.5 percent of all capital invested is in the textile industry. After the textile industry, in descending order of importance, are the food industry, chemical industry, metallurgy industry and the metal products industry. 5,255 firms, which constitute 83 percent of all firms in the private sector, have a capital less than TL. 500 thousand. The slow growth of the capital market and of joint-stock companies in Turkey is one of the reasons which inhibit the growth of industry.

Large industrial establishments in Turkey are mostly centred in the Istanbul - Kocaeli and the Bursa and Izmir regions. 21 percent of all large industrial workshops is in the Istanbul region alone.

TABLE 52 — Capital and Employment Position in Private Sector Industrial Units

		Capital (Thousand TL.)			Labour Force		
Industrial Branches	Number of Firms	Fixed Capital	Working Capital	Total Capital	In factories and workshops	In other Jobs	Total
Food	1,257	1,322,064	751,137	2,073,201	43,404	6,310	49,714
Beverages	66	22,223	22,647	44,870	728	88	816
Tobacco	29	73,594	119,798	193,392	18,117	283	18,400
Textiles	1,386	2,164,078	1,293,492	3,457,570	102,400	10,623	113,023
Clothing	43	5,663	10,932	16,597	315	25	340
Wood	264	116,514	102,096	218,670	4,221	400	4,621
Furniture	110	11,762	9,364	21,126	1,094	60	1,159
Paper	68	41,918	23,219	65,137	1,424	173	1,597
Printing	224	153,180	78,756	231,938	3,779	665	4,444
Leather	222	85,407	48,803	134,210	2,911	507	3,418
Rubber	184	515,370	366,459	881,829	10,480	645	10,567
Chemicals	491	702,598	637,520	1,419,925	16,948	5,092	22,040
Petroleum products	5	647,160	45,500	692,660	604	172	776
Non - metallic products	287	653,812	270,107	923,919	13,807	1,788	15,595
Iron, Steel and Metallurgy							
a. Excluding Ereğli	215	167,348	14,181	241,529	5,229	527	5,756
b. Including Ereğli	(1)	(181,700)	(600,000)	1,387,700	(676)	(199)	(875)
Metal Products	691	602,394	685,452	1,287,846	19,065	2,557	21,622
Machinery Production	153	84,849	48,296	133,145	2,544	236	2,780
Electrical Machinery	169	273,025	205,241	478,266	6,211	755	6,966
Vehicles	215	133,379	272,948	406,327	3,612	427	4,039
Others	263	268,151	185,526	454,677	11,410	860	12,270
TOTAL (Excluding Ereğli)	**6,282**	**6,124,489**	**5,252,282**	**13,376,771**	**267,810**	**32,133**	**299,943**
TOTAL (Including Ereğli)	**(6,283)**	**8,912,189**	**5,852,282**	**14,764,491**	**(268,486)**	**(32,332)**	**(300,818)**

Private workshops are established in locations near the consumer's market, labour forces and where an industrial infra-structure has already been developed. The location of public sector industries has tended to be determined by social objectives and the nearness of raw materials. According to the new conception of State Economic Enterprises the above motives are put aside and economic considerations will be brought to the forefront in choosing the location of public sector factories.

2. Growth in the Manufacturing Industry

The manufacturing industry has entered a developing phase since the beginning of 1962. The growth in this industry can, to a large extent, be followed from the increases in production values. Besides increases in the number of workshops, developments in the economic and financial structures of the firms can also be used as an index of this industrial growth. However, due to the lack of figures for previous years, increases in industrial production is taken as the basic index for measuring developments in the manufacturing industry.

Increases in the production of the manufacturing industry observed since 1963 and expected developments for 1965 are given in Table 53 for various industrial sub-sectors.

TABLE 53 — Manufacturing Industry Production Index (1962 = 100

Industrial Branches	1963	1964	1965
Food	113.6	123.1	133.1
Beverages	94.7	99.7	112.5
Tobacco	112.6	123.6	137.0
Textile & Clothing	94.5	94.9	104.5
Forestry Product.	110.0	121.5	133.2
Paper	123.2	147.8	148.0
Printing	109.5	122.8	140.0
Rubber	136.2	239.3	305.9
Leather	97.0	101.2	108.4
Chemical Industry	104.9	111.6	115.9
Non-metallic Products	110.2	125.0	139.1
Iron, Steel & Metallurgy	114.3	142.8	202.9
Metal Products	110.4	129.9	157.3
Machinery	164.8	248.4	340.8
Electrical machinery	128.7	156.3	202.3
Vehicles	118.5	140.3	180.0
Others	176.6	161.0	203.7

As the table indicates, the industrial branches which have been given priority in the Plan, such as machinery, rubber, iron, steel and metallurgical products and electrical machinery, have shown the highest rates of growth since 1962.

In order to trace developments in the manufacturing industry and to assess the views of industrialists on developments, a survey covering large enterprises a/ was made by the State Planning Organization. The results of the survey, which was completed in January and March 1964, verified the developments mentioned above. Although sales prices remained almost the same and raw material prices showed slight changes, production, sales and raw materials purchases increased substantially in the second half as compared with the first half of 1963. While the increase in the number of workers employed was small in 1963, the increase in wages was considerable.

The production of manufacturing industries in general increased at a diminishing rate in the first six months of 1964 compared with the same period of 1963, and the sales of raw material purchases decreased. While the prices of raw materials showed normal increases the prices of manufactured goods decreased. Although stocks of raw materials have been decreasing, the stocks of manufactured goods have been increasing.

It is expected that the slow developments of the first half of 1964 will be speeded up in the second half of the year and that production, sales and raw material purchases will increase substantially. These increases in economic activity will increase wages and the number of workers ' employed but at a diminishing rate. On the other hand, changes in the stocks of both maunfactured goods and raw materials will be unimportant.

It is also expected that the increase in economic activities in the second half of 1964 will continue in 1965. It has been estimated that the value of production of manufacturing industries will be 49.2 percent higher in 1965 than in 1962.

3. Exports

The actual exports of manufactured products in 1962 and 1963 and the estimated exports in 1964 and 1965 are given in Table 54.

The most important actual and estimated changes in exports of manufactured products between 1962 and 1965 occur in textiles, iron, steel and metallurgical products and food products.

The relative share of textiles in total exports of manufactured goods has been showing a continuous increase. Their relative share in the total

---

[a] *Large Enterprises are either those which use motive power and employ 5 or more workers or those which do not use motive power but which employ 10 or more workers.*

TABLE 54 — Exports of Manufactured Products (1962 - 1965)

(At Current Prices)

	1962		1963		1964		1965		Percentage Changes Chain Index			Index of 1962 - 1965
	1,000 TL.	Ratio to the total %	1,000 TL.	Ratio to the total %	1,000 TL.	Ratio to the total %	1,000 TL.	Ratio to the total %	1963	1964	1965	1965
1. Food	371,651	51	421,218	50	485,300	53	463,954	44	113	115	97	125
a. Sugar	71,063	10	90,858	11	224,442	24	130,584	12	128	147	58	183
b. Olive oil	128,765	18	116,207	14	4,500	0.4	16,200	2	90	4	360	13
c. Others	171,823	23	214,153	25	256,358	28	317,170	30	125	120	124	185
2. Beverages	1,715	0.2	1,728	0.2	2,340	0.2	3,400	0.3	101	135	146	199
3. Textiles	17,400	2	24,900	3	33,500	4	57,800	6	143	135	167	173
4. Forestry products	8,235	1.0	13,570	1.8	16,625	2	21,090	2	166	123	127	256
5. Leather products	50,875	7	54,560	7	63,725	7	73,650	7	107	117	116	145
6. Chemical products	26,890	4.4	29,450	3.6	30,500	3	33,000	3	110	104	108	123
7. Non-metallic products	1,193	0.2	4,162	0.4	4,500	4	5,000	0.6	349	108	111	420
8. Iron and steel products	78,991	11	53,479	4	77,000	8	163,000	16	68	144	212	206
9. Others	174,000	23.6	234,000	28	203,000	22	225,000	21	134	87	111	129
TOTAL	**730,950**	**100.0**	**836,966**	**100.0**	**916,490**	**100.0**	**1,045,902**	**110.0**	**114**	**109**	**114**	**143**

exports of manufactured goods in 1962 was 2 percent. It is expected that this share will be 6 percent in 1965. In countries where labour is more expensive, the textile industry has been losing its relative importance. Therefore, if the necessary measures are taken, the relative share may be increased even more.

The relative share of iron, steel and metallurgical products of 6 percent of total exports of manufactured products in 1963, is expected to be 16 percent in 1965. This increase can be attributed to the rise in world prices of copper and recent possibilities for exporting iron and steel products which had not previously been exported.

The relative share of food products in total exports of manufactured goods remained the same over the 1962 - 1964 period. Because of the fall in exports of sugar and olive oil, this relative share is expected to decrease by 10 percent.

The increase in the production of manufactured goods over the 1962 - 1965 period has resulted in a considerable increase in exports of these products.

4. Investments

The investments in manufacturing industries in 1965 by various industries are given in Table 55. The total investment in 1965 will be TL. 2.242 billion. TL. 1.142 billion will be invested by the public sector and the remaining 1.1 billion by the private sector.

The foreign exchange requirements for investment in the manufacturing industries are given in Table 56. The total foreign exchange requirement is TL. 1,089,700 in 1965. The division of this requirement between public and private sectors is TL. 541.1 and TL. 548.6 millions respectively.

TABLE 55 — Investment in Manufacturing Industries 1965

(Million TL.)

Sector	General and Annexed Budgets	Revolving Funds	State Economic Enterprises	Local Governments	Total Public Sector	Private Sector	Programmed Total	Plan Section
Food	27.6	0.4	70.4	10.0	108.4	60.0	168.4	163.0
Alcoholic Beverages	23.7	—	—	—	23.7	35.0	58.7	32.3
Tobacco	86.9	—	—	—	86.9	—	86.9	36.7
Textiles and Clothing	—		87.8	—	87.8	95.0	182.8	202.7
Forestry Products	—	20.4	14.1	—	34.5	20.0	54.5	14.6
Paper	—	—	115.5	—	115.5	30.0	141.5	149.4
Printing	2.0	0.5	16.1	—	18.6	25.0	43.6	—
Hide and Leather		—	0.8	—	0.8	5.0	5.8	—
Rubber			—	—	—	110.0	110.0	97.0
Plastics	—		—	—	—	50.0	50.0	50.0
Chemical Products	7.3	—	319.5	—	326.8	150.0	476.8	913.7
Non - metallic Products	—		99.7		99.7	100.0	199.7	73.3
Iron, Steel and Metallurgy			174.7		174.7	150.0	324.7	320.0
Metal Products			28.5		28.5	65.0	93.5	58.7
Machinery			31.9		31.9	100.0	131.9	170.4
Agricultural machinery	—		2.0		2.0	5.0	7.0	—
Electrical machinery			5.0		5.0	70.0	75.0	17.1
Vehicle production and repair			24.3		24.3	30.0	54.3	99.1
Industrial regions	22.6				22.6	—	22.6	—
TOTAL	170.1	21.3	986.3	10.0	1,187.7	1,100.0	2,287.7	2,398.0

TABLE 56 — Foreign Exchange Requirements for Investments in Manufacturing Industries

(Million TL.)

Sector	General and Annexed Budgets	Revolving Funds	State Economic Enterprises	Local Government	Total of Public Sector	Private Sector	Programme Total
Food	6.1	1.0	16.9	1.0	25.0	13.0	38.0
Alcoholic Beverages	10.3	—	—	—	10.3	15.6	25.9
Tobacco	44.2		—	—	44.2	—	44.2
Textiles and Clothing			61.6	—	61.6	60.0	121.6
Forestry Products		12.6	6.6	—	19.2	11.0	30.2
Paper			67.0	—	67.0	18.0	85.0
Printing			0.3	—	0.3	10.0	10.3
Hide and Leather			0.5	—	0.5	1.0	1.5
Rubber			—	—	—	55.0	55.0
Plastics	—	—	—	—	—	30.0	30.0
Chemical products	1.2	—	183.2	—	184.4	70.0	254.4
Non - metallic products			59.4		59.4	60.0	119.4
Iron - steel and metallurgical industries		—	58.0		58.0	48.0	106.0
Metal products	—	—	—	—	—	25.0	25.0
Machinery	—	—	7.1	—	7.1	60.0	67.1
Agricultural machinery	—	—	—	—	—	2.0	2.0
Electrical machinery	—	—	—	—	—	35.0	35.0
Vehicles production and repair	—	—	4.1	—	4.1	35.0	39.1
TOTAL	**61.8**	**13.6**	**464.7**	**1.0**	**541.1**	**548.6**	**1,089.7**

5. Measures

In addition to the measures taken in 1963 and 1964 to provide the desired development in manufacturing industries, the following measures must be taken in 1965.

a. Necessary changes in the imports regulations must be made in order to lower the prices of imported raw materials and to enable domestically manufactured goods to compete in foreign markets. Also, necessary measures must be taken to bring down the prices of domestically produced raw materials to the level of world prices.

b. Necessary measures will be taken to enable the importation of the spare parts needed by the manufacturing industries quickly and on a continuous basis.

c. Licence and patent agreements play an important role in the development of the manufacturing industries. The principles of licence and patents and technical co-operation will be determined immediately.

d. Patent regulations will be revised according to present conditions and the organization will be made more efficient.

e. The maximum lengh of time within which the products of assembling industries might be produced completely out of domestic parts and the annual foreign exchange saving rates will be determined by the end of 1965.

f. Existing foreign trade regulations will be followed and implemented more effectively in order to allocate the industrial imports quotas to the most needy and to withdraw them from those which abuse them.

g. For the purposes of preventing losses in domestic production and imports and of establishing co-operation between manufacturers, the possibilities of coding all the products used in Turkey according to a standard stock numbering system and the use of this system will be studied.

THE FOOD INDUSTRY

1. Introduction

a. The food industry can be divided into the sub-sectors of meat and meat products, vegetable and fruit processing, canned food, cereal products, sugar, vegetable oils and margarine, tea processing and animal feed industries.

The demand for manufactured food products in Turkey is, in general comparatively low. Due to the low purchasing power of the population in general and to the special nature of the social structure, a great number of food products are produced within the household economy. For this reason, markets for manufactured foods outside of the cities have not yet developed.

By-products and residues of the food industry are not utilized and this prevents a fall in costs.

b. Rapid developments in some branches of the food industry were seen in 1963 and the first half of 1964. The average rates of increase in 1963-1964 in the production of sugar, tea and animal feed were 34 percent and 23.32 percent per annum respectively.

Exports of manufactured food products grew at an average rate of 16.6 percent per annum during the same period.

c. According to investigations in 1963 into industrial trends, production, sales and raw material purchases of both publicly- and privately-owned establishments increased in the second half of 1963 as compared with the first half of the same year. The increase in production during the first six months of 1964 was less than that in the second half of 1963 and there were no changes in sales prices and raw material prices.

While the increase in employment in the second half of 1963 was considerably greater than in the first half of the same year, it was negligible in the first half of 1964.

d. The degree of capacity utilized in 1964 and the estimated capacities of sub-branches of the food industry in 1965 are summarized below:

(1) There is no reliable data on the slaughtering capacity of the abattoirs or the consumption in the meat and meat products industry. It is estimated, however, that only 35 percent of the cattle slaughtering capacity and 72 percent of the smaller-headed animal slaughtering capacity in the state Meat and Fish Organization will be used in 1965.

(2) Production in the tea processing industry has reached a level of 900 tons per day. It is estimated that this capacity will be 1,000 tons per day in 1965.

(3) The production capacity of the sugar industry is 411,000 tons calculated on the basis of 180 working days per year, which is the normal optimum utilization in the sugar industry.

(4) There are no reliable figures on the degree to which the capacity of the vegetable and fruit processing industry is utilized. However, it is estimated that a considerable capacity of the industry is unused.

(5) The production capacity of the flour mills is sufficient to meet domestic demand.

e. Changes in the price of major products during the 1962-1964 period are given in Table 57.

TABLE 57 — The Overall Price Index of Food Products 1953 = 100

Main Groups	1962	1963	1964a
Animal Products	228	243	247
Total Food Products	260	271	[illegible]

a/ The first 6 months

As the table indicates, the increase in the price index of food between 1962 and 1963 was only about 4 percent. On the other hand, no noticeable changes occurred in 1964.

2. Demand and Production Estimates

a. Demand

The estimated domestic demand for manufactured food products in 1965, compared with the previous years is given in Table 58.

b. Production

The estimated domestic production of the food industry in 1965 compared with the previous years is given in Table 59.

c. Comparison Between Demand and Production

The production of the meat products industry is sufficient to meet the domestic demand. Due to the fact that pastrami and sausages are produced by small scale establishments and family units, it is impossible to compare the total production with total demand. The production of dairy products is given in Table 57 where demand is assumed to be equal to production.

TABLE 58 — Food Sector · Internal Demand Estimate

(Thousand Tons)

Main Products	Amount 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
1. MEAT AND MEAT PRODUCTS INDUSTRY								
Meat	445.0	470.0	4[illegible].0	530.0	105.[illegible]	105	107	119
2. MILK AND MILK PRODUCTS INDUSTRY								
a. Milk	3,281.0	3,384.0	3,481.0	3,634.0	103.1	103	104	111
b. Pasteurized milk	6.2	7.2	8.9	10.9	116.1	124	122	17[illegible]
c. Yoğourt	635.0	655.0	674.0	704.0	103.1	103	104	111
d. White cheese	66.0	68.0	70.0	73.0	103.0	103	104	111
e. Hard cheese	10.5	10.8	11.1	11.6	102.8	103	105	110
f. Butter	101.7	105.0	105.0	112.6	103.2	103	104	111
g. Powdered milk	0.2	0.3	0.5	0.6	150.0	167	120	300
3. VEGETABLE AND FRUIT PROCESSING INDUSTRY								
a. Canned vegetables and fruit	6.2	6.8	7.5	8.3	109.7	110	111	134
b. Tomato concentrate	0.88	0.97	1.1	1.2	110.2	113	109	136
c. Marmalade	0.12	0.13	0.14	0.16	108.3	108	114	133
d. Pre-cooked food preps.	0.59	0.65	0.71	0.78	110.1	109	110	132
e. Jam	1.47	1.61	1.77	1.95	109.5	110	110	133
f. Pickles	0.44	0.48	0.53	0.59	109.1	110	111	134
g. Canned fish	1.61	1.78	1.96	2.15	110.5	110	110	134

TABLE 58 — Food Sector Internal Demand Etimate (Cont.)

(Thousand Tons)

Main Products	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
4. CEREAL PRODUCTS INDUSTRY								
Flour	4,250.0	4,410.0	4,580.0	4,800.0	104	104	105	113
5. SUGAR INDUSTRY								
Sugar	361	399	440	485	111	110	110	134
6. VEGETABLE OILS								
a. Vegetable oils	214.7	227.5	240.6	254.2	106	108	106	118
b. Margarine	80.0	88.0	95.0	110.0	110	108	116	138
7. TEA INDUSTRY								
Tea	9.0	10.0	10.9	12.0	111	109	110	133
8. FEED INDUSTRY								
Industrial feed and trefoil flower	16.8	23.5	30.5	39.5	140	130	130	235

TABLE 59 — Food Sector Production Estimates

(Thousand Tons)

Main Products	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
1 MEAT AND MEAT PRODUCTS INDUSTRY								
Meat	445.0	470.0	495.0	530.0	106	105	107	119
2 MILK AND MILK PRODUCTS INDUSTRY								
a. Milk	3,281.0	3.384.0	3.481.0	3.634.0	103	103	104	111
b. Pasterurized milk	6.2	7.2	8.9	10.9	116	124	122	176
c. Yogourt	635.0	655.0	674.0	704.0	103	103	104	111
d. White cheese	66.0	68.0	70.0	73.0	103	103	104	111
e. Hard cheese	10.5	10.8	11.1	11.6	103	103	106	110
f. Butter	101.7	105.0	108.0	112.6	103	103	104	111
g. Powdered Milk	0.2	0.2	0.5	0.5	100	250	100	250
3. VEGETABLE AND FRUIT PROCESSING								
a. Canned vegetables and fruit	6.2	6.8	7.5	8.3	110	110	111	134
b. Canned tomato concentrate	0.88	0.97	1.1	1,2	110	113	109	136
c. Marmalade	0.12	0.13	0.14	0.16	108	108	114	133
d. Pre-cooked food preps.	0.59	0.65	0.71	0.78	110	109	110	132

TABLE 59. (Continued)

(Thousand Tons)

Main Products	Amount 1962	Amount 1963	Amount 1964	Amount 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962=100 1965
e. Jam	1.47	1.61	1.77	1.95	110	110	110	133
f. Pickles	0.44	0.48	0.53	0.59	109	110	111	134
g. Canned fish	1.61	1.78	1.96	2.15	111	110	110	134
4. CEREAL PRODUCTS INDUSTRY								
Flour	4,250.0	4,410.0	4,580.0	4,800.0	104	104	105	113
5. SUGAR INDUSTRY								
Sugar	390.0	494.0	700.0	600.0	127	142	71	128
6. VEGETABLE OILS AND MARGARINE INDUSTRY								
a. Vegetable oil	134.0	174.0	172.0	180.0	130	99	105	134
b. Margarine	80.0	88.0	95.5	105.0	110	108	111	131
7. TEA INDUSTRY								
Tea	8.6	10.4	13.0	14.7	121	125	113	171
8. FEED INDUSTRY								
Industrial feed and trefoil flour	17.5	23.0	30.5	39.5	131	131	130	226

The consumption of canned vegetables and fruits is small and increasing at a slow rate.

Although the production capacity for flour is sufficient to meet the total demand, the regional distribution of total capacity is unbalanced. Production of sugar is in excess of total domestic demand. Since it is uneconomical to export the excess supply of sugar at the existing low export prices, domestic production should be adjusted to domestic demand.

The domestic production of vegetable oil is not sufficient to meet domestic demand. In order to meet the total demand, 50,000 tons of vegetable oil have to be imported every year.

The production of tea is increasing much faster than the demand for it. However, in order to improve the quality of domestic tea, some tea was imported in 1963. Because of the increase in capacity in 1963 and because of these last-mentioned imports, further imports have now been stopped. However, further improvements in quality are necessary and if these are made, then exports of excess production of tea would be possible.

There is an excess capacity in the animal feeds industry too. However, if the demand for animal feeds can be increased then production can be increased at short notice.

3. Foreign trade

a. Exports

Estimated exports of the food industry in 1965, compared with previous years are given in Table 60.

4. Investments

Estimated investments in 1965 both by public and private sectors, compared with the previous years' investments, are given in Table 62.

TABLE 60 — Exports of Food Industry

(At Current Prices)
(Thousand TL.)

Main Products	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
1. MEAT AND MEAT PRODUCTS INDUSTRY								
a Meat and edible offal	557	65.3	540.0	600.0	—	827	111	108
b Intestine	18,000.0	22,073.4	25,200.0	28,000.0	123	114	111	155
c Bone and horn	919.0	791.1	900.0	900.0	86	114	100	98
2 MILK AND MILK PRODUCTS INDUSTRY								
Butter	831.0	584.0	900.0	900.0	70	154	100	108
3 VEGETABLE AND FRUIT PROCESSING INDUSTRY								
a Canned vegetables	93.4	150.6	110.0	120.0	161	100	133	214
b Pressed dried figs	10,674.0	9,162.0	9,900.0	9,000.0	86	108	91	84
c Canned fish	573.3	24.3	108.0	150.0	—	444	139	26
d Fish (salted, smoked, dried)	2,619.0	2,466.0	2,700.0	4,500.0	94	109	167	172
4 CEREAL PRODUCTS								
Lentil flour	—	35.1	—	—	—	—	—	—
5 SUGAR INDUSTRY								
Sugar	71,280.0	90,925.0	224,442.0	130,584.0	128	247	58	183
6 VEGETABLE OILS								
Olive oil and others	128,847	116,442.0	4,500.0	16,200.0	90	—	360	13
7 TEA INDUSTRY								
Tea				12,000.0				
8 FEED INDUSTRY								
Molasses, bran, cotton seed pulp, etc.	137,574.0	178,800.0	216,000.0	261,000.0	130	121	121	190
TOTAL	371,967.7	421,518.8	485,300.0	463,954.0	113	115	96	125

TABLE 61 — Imports of the Food Industry

(Thousand TL.)
(At Current Prices)

Main Products according to sub - sectors	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
1. VEGETABLE OILS AND MARGARINE INDUSTRY								
a Soya and cotton oils	155,150	208,879	201,000	201,000	135	96	100	129
b. Frozen fat and others	25,787	38,702	46,620	46,620	150	120	100	181
c. Whale oil	1,171	925	1,000	1,000	79	108	100	85
2. TEA	40,761	21,456	4,000	—	52	19	—	
T O T A L	**222,869**	**269,962**	**252,620**	**248,620**	**121**	**93**	**98**	**111**

5. Measures

In addition to the measures suggested in the 1963 and 1964 Programmes which are to be effected in 1965, the following measures concerning individual sub-sectors will be taken :

a. Meat and Meat Products Industry

(1) Taking into account the peculiarities of individual regions, feeding rations shall be worked out and this information will be conveyed to animal breeders.

(2) The personnel in animal markets and abattoirs shall be trained to cut and grade meat more efficiently.

b. Vegetable and fruit processing industry

(1) In order to meet military food stock and daily food requirements in some regions, the Ministry of Defence shall try to make use of the products of the meat canning factories of the Meat and Fish Organization as well as those of the Ministry's existing canning plants.

(2) The possibility of providing raw material to the canning industry in the Aegean and Southern Anatolian regions shall be investigated and steps taken in accordance with the results. If need be, regional research stations shall be established under the sponsorship of the Bursa Canning Research Institute.

TABLE 62 — Investments in the Food Industry (Million TL)

	Value					Percentage Changes (Chain Index)		
	1962	1963	1964	1965		1963	1964	1965
				Foreign	Total			
Public Sector	28.5	88.6	136.6	26.9	95.7	311	154	70
Private Sector	56.4	99.4	33.9	13.0	60.0	176	34	177
TOTAL	**84.9**	**188.0**	**170.5**	**38.0**	**155.7**	**221**	**91**	**91**

THE ALCOHOLIC BEVERAGES INDUSTRY

1. Introduction

The alcoholic beverages industry includes beer, wine and raki and a number of other beverages.

In 1963 the actual investment by the public sector in this industry was only 54.3 percent of the total programmed investment, while the rate of investments in production was even less than this amount.

Investment by the private sector in the alcoholic beverages industry was approximately TL 22 million in 1963, whereas private sector investment in 1964 is estimated to be TL. 5 million. Positive results have been obtained from the experiments on the domestic production of crops which are ingredients of beer and which are imported from abroad. The demand for this raw material is expected to be met domestically in the near future.

The normal total production capacity of the publicly-owned beer factories is 20 million litres a year. When the expansion of the Istanbul Beer Factory is completed the capacity of the factory will be increased from 15 million litres to 32 million litres in 1965. With the completion of the Yozgat Beer Factory in 1966, which has a capacity of 10 million litres, total capacity will reach 48 million litres per annum.

No reliable data is available for the wine production capacity of the private sector. However, it is estimated that capacity exceeds the demand in the wine industry in general. Furthermore, the existing capacity is in the form of small production units which are not capable of meeting foreign demand as far as quality is concerned.

Production capacity of the raki industry is 12.3 million litres per annum. The capacity in 1965 is expected to reach 15.5 litres with the expansion of the Gaziantep Raki Factory and the completion of the Tekirdag Raki Factory.

2. Demand and Production Estimates

a. Demand

The estimated demand for alcoholic beverages in 1965, compared with the previous years, is given in Table 63.

TABLE 63 — The Domestic Demand for Alcoholic Beverages, 1962 - 1965

(Thousand Litres

	Amount				Percentage Changes (Chain Index)			General Inde 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
Beer	32,259	23,368	24,846	30,000	72	106	121	93
Wine	22,927	25,579	28,546	32,000	112	112	112	140
Raki	13,723	12,255	12,776	13,325	89	104	104	97
Others	2,217	2,129	2,235	2,345	96	105	105	106

b. Production

The estimated production and capacity of alcoholic beverages in 196 compared with previous years, is given in Tables 64 and 65 respectively

TABLE 64 — Estimates of the Domestic Production in Beverages

(Thousand Litres

	Amount				Percentage Changes (Chain Index)			General Inde 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
Beer	33,665	24,785	25,000	33,000	73 6	101	132	98
Malt-Extract	5,001	4,895	5,200	5,500	97 9	106	106	110
Wine	32,483	34,087	37,000	39,000	104 9	109	105	120
Raki	11,790	11,430	12,000	13,500	96 9	105	113	115

TABLE 65 — Production Capacity in Alcoholic Beverages

(Thousand Litres

	Amount				Percentage Changes (Chain Index)		
Main Products	1962	1963	1964	1965	1963	1964	1965
BEER							
Normal production	16,100	20,000	20,000	38,000	124	100	190
Excess capacity	23,045	33,600	33,600	60,000	146	100	179
Private sector	—	—		40,000			
WINE							
Public sector	9,974	11,233			113	100	100
Private sector	26,205	—	-				
RAKI							
Normal production	12,350	12,350	12,350	15,550	100	100	[illegible]
Excess capacity	15,985	15,985	15,985	21,386	100	100	134

c. Comparison between Demand and Production

In spite of the fact that a rise in the price of beer decreased the demand for it in 1963, the actual production was above the normal production capacity. Demand for beer began to increase again in 1964 when the price was dropped by 16.3 percent. However, supplies are considerably limited by an inadequate distribution network.

As far as other alcoholic beverages are concerned domestic production is sufficient to meet domestic demand.

3. Foreign trade

a. Exports

TABLE 66 — Exports of Alcoholic Beverages, 1962 - 1965

(Thousand TL.)
(At Current Prices)

Main Products	Value 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
Wine	1,643	1,417	2,000	3,000	86	141	150	183
Raki	50	68	90	108	136	132	120	216
Others	22	243	250	300	1,104	103	120	1,364
TOTAL	1,715	1,728	2,340	3,408	101	135	146	199

b. Imports

TABLE 67 — Import Requirements of the Alcoholic Beverages Industry, 1962 - 1965

(At Current Prices)
(Thousand TL.)

	Value 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
[illegible] alt and isky	2,290	2,233	2,000	2,000	98	90	100	87

4. Investment estimates

Estimates of investments in the alcoholic beverages industry are given in Table 68.

TABLE 68 — Estimates of Investments in Alcoholic Beverages

(Million TL)
(At 1963 Prices)

Establishments	Value					Percentage Changes (Chain Index)		
	1962	1963	1964	1965		1963	1964	1965
				Foreign	Total			
Public sector	—	4.8	23.5	11.2	23.7	–	491	100.8
Private sector	—	22	38.8	15.6	35.0	—	176	90
TOTAL	—	**26.8**	**62.3**	**26.8**	**58.7**	—	**232**	**94.2**

5. Measures

a. Implementation of the measures foreseen in the 1963 and 196 Programmes in the fields of export promotion, decreases in wine-makin costs, full utilization of capacity and the stopping of imports of luxur beverages, will be continued.

b. Improvements in marketing methods and particularly packin and advertising, in respect of both increased external and internal sales, will be undertaken.

C. TOBACCO INDUSTRY

1. General situation

a. The chief aim of the Development Plan in the tobacco industry is to secure an equilibrium of production, consumption and exportation and at the same time, to increase exportation as much as possible.

b. The investment of TL. 30.055 million expected to be made by the public sector in 1963 was realized by 35.6 percent. Cigarette paper, previously imported, is now being produced locally. There was a significant decrease in the exportation of tobacco leaf during 1963 and the level of stocks amounted to 12,000 tons at the beginning of the 1964 exportation season.

c. The total 1964 cigarette and tobacco capacity for 1964 is about 30,100 tons. By stretching this capacity, it is possible to raise production to 39,000 tons. With the opening of the Maltepe Cigarette Factory in 1966, the normal capacity of 30,000 tons will rise to 42,000 tons.

The part of tobacco leaf cultivation and processing capacity which is carried out by the public sector amounts to 3,250,000 bales of tobacco leaf and 4,389,000 bales of processed tobacco. The capacity of the private sector is not known precisely.

2. Demand and Production Estimates

a. Demand

Estimates of the domestic demand for the products of the tobacco industry in 1965, in comparison with previous years are shown in Table 69.

TABLE 69 — Domestic Demand Estimates of the Tobacco Industry (Tons)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
Main Products	1962	1963	1964	1965	1963	1964	1965	1965
Cigarettes	29,055	29,433	31,396	33,279	101	107	106	115
Tobacco	3 989	4 207	4 400	4,620	105	105	105	116
Others	121	115	135	142	95	117	105	117
TOTAL	33,165	33,775	35,931	38,041	102	106	106	115

b. Production

Estimates of the 1965 production of tobacco in comparison with previous years are shown in Table 70.

TABLE 70 — Production Estimates of Tobacco Products

(Tons)

Main Products	Amount 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
Cigarettes	31,610	28,241	31,000	34,350	89	110	111	109
Tobacco	4,442	4,369	3,451	4,600	98	79	133	104
Others	123	110	133	142	89	121	107	115
TOTAL	**36,175**	**32,720**	**34,584**	**39,092**	**90**	**106**	**113**	**108**

c. Comparison of Demand and Production

There will be no problem in meeting the tobacco demand in 1965 In future years, increased consumption will be met by the capacity to be created from new investments.

3. Foreign trade effect

a. Exports

Estimates of the exports of the tobacco industry for 1965 in comparison with previous years are shown in Table 71.

TABLE 71 — Exports of Tobacco Industry

(Million TL

Main Products	Value 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 10 1965
Tobacco leaf	863.0	598.0	753.0	896.3	69	126	119	104
Tobacco waste	2.3	2.7	3.1	3.7	117	115	119	[illegible]
TOTAL	**865.3**	**600.7**	**756.1**	**900.7**	**69**	**126**	**119**	**104**

b. Imports

No tobacco or tobacco products are imported into Turkey. Howeve some products, shown in Table 72, used in the manufacture of cigarette are being imported.

TABLE 72 — Imports of Tobacco Industry (Thousand TL.)

Main Products	Value 1962	Value 1963	Value 1964	Value 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962=100 1965
garette paper, aluminium foil, cellophane etc	34,500	29,000	10,000	10,000	84	35	100	29

4. Investment Estimates

Estimates of the investment in the tobacco industry are shown in Table 73

TABLE 73 — Tobacco Industry Investments (Million TL.)

Establishments	Value 1962	Value 1963	Value 1964	Value 1965 Foreign	Value 1965 Total	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965
Public Sector	25.7	10.7	48.5	44.2	86.9	41	453	179
Private Sector		3.9	3.4			—	87	—
TOTAL	25.7	14.6	51.9	44.2	86.9	57	355	167

1965 investments are high because of the delay in 1963 - 1964 in ompleting the Maltepe Cigarette Factory.

5. Measures

a. In order to increase exports, the main problem of the industry, ltipurpose and continuous studies are necessary. For this purpose, e industry's potential must be used to the fullest and increased as well.

b. When tobacco purchase prices are established they shall be in nformity with world prices; a price policy that would decrease the ssibilities for exports will be avoided.

TEXTILE AND CLOTHING INDUSTRY

1. Present situation

a. It has been accepted as a target in the Development Plan, that in order to improve the external balance of payments the major products in the industry such as cotton and wool, which have hitherto been exported as raw materials, should be exported as finished products. This target will be realized not through new or large investments, but through improvements in quality and through the full utilization of existing capacity.

b. Surveys in this sector show that there have been increases in the volume of production and in sales in the second half as compared with the first half of 1963. It is understood that these increases have not continued during the first six months of 1964. In the private sector, a 12 percent increase in stocks of finished products, a 7 percent increase in stocks of semi-finished products and a 12 percent increase in stocks of raw materials occurred in the beginning of 1964 over production during the same period of 1963.

With regard to the Sumerbank, there were decreases in wool clothing stocks and marked increases in cotton yarn stocks over the same period.

c. With regard to the percentage of production capacity available in 1963, 87.6 percent of the cotton yarn potential was utilized, 88 percent of the cotton clothing, 50 percent of the wool yarn and 34 percent of the wool clothing potential.

2. Demand and Production Projections

a. Demand

Because of the lack of exact figures for stock changes, estimates of the domestic demand for main products have not been tabulated.

Consumption estimates for fibre products contained in the Development plan, are shown in Table 74.

TABLE 74 — Per Capita Consumption of Fibres

	Cotton Fibre	Wool and Mohair Fibre	Artificial and Synthetic Fibre and Yarn
1963	4,248	1,207	148
1964	4,370	1,201	158
1965	4,493	1,196	169

As will be seen from the table, it was expected that decreases in wool and mohair fibre consumption would be balanced by increases in other fibres.

The figures for 1963 show that these estimates were not realized. In fact, per capita consumption in cotton and artificial fibres and synthetic fibres in 1963 was 4 kilogrammes and 423 grammes respectively. With reference to wool and mohair fibres, although no exact figure has been obtained, it appears that the results are higher than the estimates.

In spite of increases in consumption, the level of domestic production was 1,490 tons in the Sumerbank Gemlik Factory and 360 tons in the Bursa Synthetic Fibre Factory.

TABLE 75 — Estimates of Domestic Production in the Textile Sector

Items	Unit	Amount				Percentage Changes (Chain Index)			General Index 1962=100
		1962	1963	1964E	1965E	1963	1964	1965	1965
Cotton Yarn	Ton	94,124	94,767	100,000	105,000	102	104	105	112
Public		28,124	28,835						
Private		66,000	66,932						
Cotton Textile	1,000 m.	533,208	547,487	600,000	682,000	103	110	114	128
Public		158,208	164,494						
Private		375,000	382,993						
Wool Yarn	Ton	19,936	20,094	21,000	23,000	101	105	110	115
Combed Yarn	Ton	5,386	5,150						
Public		1,754	1,750						
Private		3,632	3,400						
Strand Yarn	Ton	14,550	14,944						
Public		1,445	1,344						
Private		13,105	13,600						
Wool Textile	1,000 m.	23,020	23,647	23,000	23,000	103	97	100	100
Public		4,640	4,447						
Private		18,380	19,200						

Source : Sümerbank and Union of Chambers and Industry

b. Production

Table 75 shows the production estimates of the main products of the textile industry in 1965 compared with previous years.

Table 76 shows the estimates for production values in the textile and clothing sector for 1965 compared with production in previous years.

TABLE 76 — Production Values for Textile and Clothing (Million TL.)

Sector	Value 1962	Value 1963	Value 1964E	Value 1965E	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962=100 1965
Private	3,742	3,502	3,500	3,800	94	100	108	102
Public	948	931	950	1,000	98	102	105	105
TOTAL	**4,690**	**4,433**	**4,450**	**4,800**	**95**	**100**	**108**	**102**

c. Demand and Production Comparison

The demand for the main products in this sector has almost been met by domestic production. The main problem in this sector, I. e. the under-utilization of full capacity, can be solved by developing exports.

3. Foreign Trade Effect

a. Export Effect

The export effect of this sector is shown in Table 77.

TABLE 77 — Export Effect of Textiles and Clothing (Current Prices) (Million TL.)

	Value 1962	Value 1963	Value 1964E	Value 1965E	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965
Cotton yarn textiles	8.4	14.5	20.0	40.0	172	138	200
Carpets, rugs, (kilims) and prayer rugs	8.8	9.7	12.0	15.0	110	124	125
Wool and other blankets	0.1	0.2	0.5	0.8	200	250	160
Knitwear	0.1	0.5	1.0	2.0	500	200	200
TOTAL	**17.4**	**24.9**	**33.5**	**57.8**	**143**	**134**	**173**

b. Import Effect

The import effect is shown in Table 78.

(Current Prices)
(Thousand TL)

TABLE 78 — Imports of Textile and Clothing

Items	Value				Percentage Changes (Chain Index)			Gen. Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
Merino	178,488	196,041	160,000	140,000	110	82	88	78
Artificial and synthetic fibre & yarn	111,879	159,244	170,000	150,000	142	107	88	134
TOTAL	**290,367**	**355,285**	**330,000**	**290,000**	**122**	**93**	**88**	**100**

It is necessary to prepare the textile and clothing industries for Turkish participation in the Common Market and also to increase efforts to export cotton, wool and mohair as finished products. In addition, it is considered that the use of domestic wool should be increased and that synthetic fibres should be produced domestically.

5. Investment Estimates

Investment estimates for the textile and clothing sector are shown in Table 79.

TABLE 79 — Investment Estimates for the Textile and Clothing Industry (Million TL)

Establishments	Value a/		1965 1963 Prices	
	1963	1964	Foreign	Total
Public Sector	99.8	68.9	61.6	87.8
Private Sector	198.0	146.0	45.0	93.5
TOTAL	**297.8**	**214.9**	**106.6**	**181.2**

a/ *Realized figures for 1963 and Programme figures for 1964 and 1965.*

6. Measures

The textile and clothing industry was one of the earliest industries established in Turkey. There is, therefore, a technical and administrative staff to support large scale establishments and the possibilities of exporting goods seem promising. The following principles will be pursued in this sector.

a. Research on the mohair industry, which is being conducted by Sümerbank, will be co-ordinated with domestic merino studies.

b. Measures will be taken to increase the number of establishments producing artificial and synthetic fibres, the consumption of which has shown an increasing trend in recent years. Investments in this field will be encouraged.

c. An economic survey of the situation in foreign markets is being conducted by Sümerbank. In this study, the following will be investigated:

(1) Quality required in foreign markets,

(2) International agreements,

(3) Activities in the textile industry of the prospective customers for Turkish textiles and other questions which are relevant to the marketing of textiles in these countries will soon be investigated by the Sümerbank Research Group.

d. Studies will continue for the establishment of a raw linen export combine which has been proposed by Sümerbank, the possibility of this combine being realized wholly within the private sector or in co-operation with Sümerbank, will be implemented according to the results of the surveys.

e. Textile and clothing industries and market situations in those countries where commercial attachés work, will be followed by the Ministry of Commerce and information on development in this matter will be relayed to those concerned.

f. In general, in 1965 permission will not be given for investments which would increase the capacity in establishments producing wool fibre, textiles, fish-net or tulle curtaining. Investments in this field will only be made in order to improve quality and to remove bottlenecks.

g. The tricot cloth and clothing industry will be stimulated, measures will be taken to integrate small units within the cotton textile industry and investments in establishments leaning towards exportation and which can be developed, will be encouraged.

FORESTRY PRODUCTS

1. Introduction

The First Five Year Development Plan envisaged that an inventory of forestry reserves, a survey to classify forestry products according to domestic and foreign markets, studies on the possibilities of utilizing forest reserves and the scrap materials from timber mills, the reorganization of the timber plants to include the processing of beech trees and the construction of new mills would be carried out.

In 1963, although completely adequate inventory studies were not made in this sector, they were sufficient to indicate the possibility of producing industrial timber more economically.

Potentially there is great room for the development of the forestry industry in Turkey. Forestry products are not utilized as much as they could be. There is no substitute for firewood and the supply of industrial timber is at present limited. At the same time, the relatively low price of firewood sold to the peasants, raises the price of industrial timber.

The branch of industry which processes low quality timber products into artificial wood and fibreboard products, has recently begun to develop. The pace of its development, is, however, inhibited by the relatively high prices of the finished products, which can in turn be traced back to the high price of raw materials.

The development of the artificial wood and fibreboard industrie would make it possible for more industrial wood to be reserved for othe industrial uses. The artificial wood industry is supported by adequat demand, and the capacity of this branch of industry has therefore begu to increase with the construction of new plants. By contrast, the fibreboard industry has been working at half capacity and therefore th demand for fibreboard has to be expanded at home and new foreig markets should be explored.

The life of products such as railway sleepers and telephone poles ca be prolonged by impregnation. In the past the existing impregnation capacity was not used to the full. At present, efforts are being made to full utilize total capacity and two more plants - one mobile and one fixed - hav been put into operation. Increased impregnation would make it possible t reserve additional amounts of industrial timber for various other industri uses.

Industrial timber is widely used in such fields as building construction, joinery, furniture, household and office equipment. The standardization of joinery methods in accordance with the requirements of various types of building is likely to result in reduced manufacturing costs and in an increase in the supply of industrial timber. In Turkey, furniture is usually made in the handicraft industry. However, in areas where furniture has been in strong demand large scale establishments are being constructed and the consequent demand for timber is expected to increase. In order to meet this increase, new techniques of building construction and joinery, which would minimize the demand for wood, must be applied.

The raw material requirements of all branches of the industry are supplied domestically mainly by state enterprise, while private sector felling is negligible. After the completion of the forest inventory and the completion of management plans for the enterprises concerned, it will be possible to meet raw material requirements more economically.

2. Demand and Production Estimates :

a. Demand and Production Estimates for Raw Material

The estimated demand for products of the forestry industry for 1965, compared with the actual consumption of 1962 and 1963 is given in Table 80 below.

TABLE 80 — The Actual Consumption of and the Estimated Demand for Timber Products 1962 - 1965

(M³)

Items	Value				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964	1965	1963	1964	1965	1965
PUBLIC SECTOR								
Logs	1,628,159	1,832,381	2,063,430	2,285,400	112	112	110	140
Telephone poles	17,854	25,702	29,615	39,240	144	115	132	220
Mining Timber	386,850	353,288	321,180	307,360	91	91	96	79
Industrial[1] Wood	111,230	108,992	162,050	130,790	98	148	81	117
PRIVATE SECTOR	400,000	400,000	500,000	500,000	100	125	100	125
TOTAL	**2,545,093**	**2,720,363**	**3,076,275**	**3,262,790**	**107**	**113**	**106**	**128**

The production of industrial timber exceeds consumption. Production and stock estimates are shown in Table 81. In order to meet seasonal demands, however, a sufficient stock of raw materials has to be maintained. The increase in the use of poles in supplying electricity to villages has increased their consumption.

TABLE 81 — The Production and Stocks of Forestry Products 1962 - 1965

(Thousand m^3)

Items	1962		1963		1964		1965	
	Production	Transferred from 1961	Production	Transferred from 1962	Production	Transferred from 1963	Production	Transferred from 1964
PUBLIC SECTOR								
Logs	2,092	414	2,047	907	2,063	1,075	2,473	1,345
Telephone poles	32	13	27	22	30	16	43	25
Mining timber	505	76	277	245	321	152	378	189
Industrial timber	126	6	114	45	162	81	206	101
PRIVATE SECTOR	400	—	400	—	500	—	500	—
TOTAL	3,155	509	2,865	1,219	3,076	1,324	3,600	1,660

If the figures relating to consumption are compared with those relating to production and stocks, a considerable increase in stocks will be observed. This situation is traced to the fact that while planned production targets have been attained, demand has not been growing at the expected rate. The importation of telephone poles and railway ties in 1962 and 1963 further increased stocks.

b. Production Estimates for Finished Products

Finished forestry products in various fields are mostly produced by small scale establishments. Therefore it is rather difficult to estimate the production of and demand for finished products.

Estimates of the production of major products for 1965 in terms of quantity and value are given in Tables 82 and 83 respectively.

TABLE 82 — The Production of the Main Manufactured Goods of the Forestry Products Industry

Main Items	Unit	Value 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965
Construction timber	M^3	282.8	334.2	384.3	441.9	118	115	115
Joinery	M^3	75.6	115.1	135.5	158.5	152	117	117
Parquet	M^2	228.5	259.4	293.0	328.0	113	113	112
Packing — cases	No	855.0	1,096.1	1,535.0	1,960.0	128	140	127
Plywood	M	14.5	22.0	28.6	37.0	152	130	129
Artificial Wood								
— Fibreboard	Ton	11.6	14.0	16.5	19.3	120	118	117
— Chipboard	M^2	1,266.0	1,500.0	1,750.0	2,030.0	118	116	116
Duralit	M^2	249.0	550.1	717.0	932.0	221	130	130
Railway Sleepers	M^3	18.9	14.2	16.0	18.3	75	114	113
Veneer, railway sleepers	M^2	215.0	274.5	329.0	391.0	127	120	119
Impregnation	M^3	22.5	36.4	42.0	52.5	162	115	125
Chairs	No.	195	241.8	290.0	362.7	124	120	125
Furniture		1.9	2.6	3.5	4.2	134	132	120

TABLE 83 — Production Value of Main Manufactured Goods of the Forestry Products Industry

(Thousand TL.)

Producers	Value 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962=100 1965
Public Sector	127,000	135,600	143,700	153,700	106	106	107	121
Private Sector	147,160	167,200	188,900	211,500	113	113	112	143
TOTAL	**274,160**	**302,800**	**332,600**	**365,200**	**110**	**110**	**110**	**133**

The most important factor limiting the consumption of raw materials is their high sales prices. The suitable pricing of low quality timber used as a raw material for artificial wood should be given careful consideration.

The production capacities of major forestry products for 1965 are given in Table 84.

TABLE 84 — The Production Capacities of Main Forestry Products, 1965

Types of Main Products	Unit	Public Sector	Private Sector	Total
Log extraction capacity	M^3	272,000	65,700	337,700
Joinery capacity	M^2	—	52,200	52,200
Parquet	M^2	175,000	35,000	210,000
Plywood	M^3	2,400	22,200	24,600
Artificial wood				
— Fibreboard	Ton	15,000	15,000	30,000
— Chipboard	M^3		7,200	7,200
Veneers	M^2		225,000	225,000
Impregnation capacity	M^3	15,000	50,000	65,000

Note: Capacity based on 300 working days. A work day is 8 hours

In 1965 it is unlikely that problems of fully utilizing the capacity in the forestry products industries will arise except in the fibreboard industry in which both the public and private sectors operate at half capacity. Although the growth of the plywood industry was slowed down by the development of the fibrewood industry, the quality of plywood has been improved in 1963 and 1964 and by the use of synthetic glue. New fields for the consumption of plywood have been opened.

3. Foreign Trade

a. Exports

Exports of forestry products are given in Table 85.

TABLE 85 — Exports of Forestry Products Industry

(Thousand TL)

	Value				Percentage Changes (Chain Index)		
Types of Products	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**
Logs	7,480	12,200	14,150	15,140	163	116	10
Mining Timber	128	90	—		—	—	—
Timber	627	1,190	1,725	3,200	190	145	1
Railway Ties	—	90	—				
Beech Tree Timber	—	—	750	1,250			16
Fibreboard	—	—	—	1,500	—	—	
TOTAL	**8,235**	**13,570**	**16,625**	**21,090**	**165**	**122**	**127**

Logs, beech timber and fibreboard are forestry products that can be exported. The production of domestic timber and the production capacity of fibreboard are in excess of domestic demand and these products conform to the standards required by foreign markets. However, the lack of foreign market studies and high selling prices limit the export possibilities. In addition, the fact that the General Directorate of Forestry does not directly export products is a further inhibiting factor.

b. Imports

The imports of forestry products are given in Table 86.

TABLE 86 — Imports of Forestry Products Industry (Thousand TL.)

Types of Products	Value 1962	 1963	 1964E	 1965E	Percentage Changes (Chain Index) 1963	 1964	 1965
Mining	8,815	5,970	–	—	68	—	—
Timber	23		—	—	—	—	—
Railway	23	7,758	–	—	337	—	—
Formica	14,255	9,026	10,500	7,250	60	116	69
TOTAL	**23,816**	**22,754**	**10,500**	**7,250**	**95**	**46**	**69**

Among forestry products, mining, railway ties and timber are produced domestically in sufficient quantities to meet internal demand. Therefore, these products need not be imported. The figures in Tables 81 and 86 show, however, that although there were considerable quantities of mining timber in stock, it was still imported during 1962 and 1963. Similarly, even though it was to meet demand domestically in 1963 TL 7.7 million worth of railway ties were still imported.

Formica of various qualities is imported from various countries. But apart from formica, imports of raw and semi-finished products of this industry are not needed. The construction of a plant to produce formica will be started by either the private or the public sector in 1965.

4. Investment Estimates

The estimated investment in the forestry products industry in 1965 is given in Table 87 below.

TABLE 87 — Investment in Forestry Products Industry 1962 - 1965 (Million TL.)

Establishments	Value 1962	 1963	 1964	 1965	Percentage Changes (Chain Index) 1963	 1964	 1965	General Index 1962=100 1965
Public Sector	7.9	6.5	17.4	34.5	82	268	198	437
Private Sector	12.9	13.6	21.0	20.0	105	156	95	155
TOTAL	**20.8**	**20.0**	**38.4**	**54.5**	**96**	**192**	**142**	**262**

5. Measures

a. The prices of industrial wood will be studied to determine the sales prices of logs, timber, cellulose wood and artificial wood.

Particular consideration will be given to the meeting of the demand for packing timber for export, at prices in accordance with world prices.

b. The possibilities of direct exports of timber and beech (processed dry kiln) by the General Directorate of Forests shall be studied and the necessary measures taken.

PAPER INDUSTRY

1. Present Situation

The Development Plan envisages large scale projects for import substitution, the assessment of forest reserves, and the determination of annual quotas and quality standards for the timber to be supplied to the paper industry. It also requires that new paper mills use production techniques appropriate to the quality of forest reserves.

In 1963, the quality of paper was improved and an increase in the production of corrugated pasteboard was secured. In addition, projects were prepared and completed for paper industry investments in 1964.

In 1964, various investments in the paper sector envisaged by the Plan were started. After completion of these investments by 1967, domestic production should meet the demand for kraft paper, writing paper, pasteboard and newsprint of the required quality.

The established capacity of existing mills in the paper industry is being fully utilized. In order to meet domestically a major part of the increased demand, both SEKA and private sector mills have been operating at full capacity.

As indicated in Table 88, important differences between demand estimates and actual consumption figures were recorded in 1962 and 1963.

TABLE 88 — Average Per Capita Paper Consumption (Kg. Per Output)

Years	Plan Estimates	Actual Consumption
1962	4.08	4.57
1963	4.46	5.39

The demand over and above estimates was met by the utilization of new production capacity.

Important changes have been observed in the import prices of various types of paper. Thus, a 10 percent decrease in newsprint prices, a 14 percent decrease in wrapping paper prices, a 4 percent decrease in kraft paper prices and a 5 percent increase in writing paper prices have been recorded between 1962 and 1963.

There have been no changes in the selling prices of domestically produced paper between 1962 and 1963. It is estimated that these prices will also remain constant in 1964 and 1965.

2. Demand and Production Targets

a. Demand Projections

Demand estimates for 1965 in comparison with the previous years have been given in Table 89.

TABLE 89 — Domestic Consumption and Demand Estimates for Paper Industry Products

(Thousand Tons)

Products	Amount 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 100 1965
Writing Paper	23.9	38.6	36.5	40.5	161	95	111	169
Newsprint	31.3	34.5	38.7	42.5	110	112	110	136
Wrapping Paper	35.4	35.3	39.9	41.3	100	113	[illegible]	117
Kraft Paper (Sack P.)	9.0	14.1	14.5	15.6	103	103	108	172
Corrugated pasteboard	11.2	11.5	15.0	15.5	102	130	103	137
Paper & pasteboard	23.6	28.9	32.3	33.0	122	112	102	140
TOTAL	**134.4**	**162.9**	**176.9**	**188.4**	**121**	**109**	**106**	**140**

Source : Estimates of the Cellulose and Paper Industry (SEKA) and SPO
Note : 1962 - 1963 figures indicate sales and imports. Wrapping paper and pa[illegible] pasteboard figures include private sector production

b. Production Estimates

Estimates of production and value for 1965 as compared wit[illegible] previous years are indicated in Tables 90 and 91.

TABLE 90 — Production Estimates of the Paper Sector

(Thousand Tons)

Products	Amount 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 10[illegible] 1965
Writing Paper	15.7	20.6	24.5	24.9	131	119	102	159
Newsprint	20.6	20.2	16.1	16.2	98	80	101	77
Wrapping Paper a/	27.8	34.8	35.0	31.6	125	101	90	114
Corrugated Pasteboard	11.3	11.5	15.0	20	102	130	133	[illegible]
Paper & Pasteboard	21.8	24.9	21.4	[illegible]	114	86	[illegible]	[illegible]
Cigarette Paper	—	0.6	1.4	1.7		209	[illegible]	
Others	0.3	0.3		1.2				
TOTAL	**97.5**	**112.9**	**113.4**	**119.7**	**115**	**100**	**105**	**122**

a/ Including Private Sector Production
Source : Cellulose and Paper Industry (SEKA)

TABLE 91 — Production Values of the Paper Sector (Thousand TL.)

Establishments	Production Value				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
Public Sector	211,670	261,727	315,148	309,992	124	120	98	146
Private Sector	12,500	14,725	15,400	23,000	118	105	149	184
TOTAL	**224,170**	**276,452**	**330,548**	**332,992**	**123**	**120**	**100.7**	**148**

Because of the strong demand for certain specific types of paper, existing mills have been operating at full capacity. Production capacity according to the various types of paper is indicated in Table 92.

TABLE 92 — 1965 Production Capacity of the Paper Sector

Establishments	Cigarette Paper	Writing Paper	Newsprint	Wrapping Paper	Corrugated Pasteboard	Paper & Pasteb.
Public Sector	1,675	26,900	16,200	20,170	20,000	20,110
Private Sector				11,400a/		4,000
TOTAL	**1,675**	**26,900**	**16,200**	**31,570**	**20,000**	**24,110**

a/ Includes additional production capacity of 5,400 tons to be created in 1965
Source : SEKA

c. Comparison of Demand and Production

As will be seen from the figures above, it is not at present possible to meet the total demand of the paper sector from domestic sources alone. Although the capacity of existing mills was strained, part of the demand has had to be met with imports. In fact, a substantial part of the internal demand for newsprint, writing paper and kraft paper has been met by imports in 1962 and 1963. Moreover, the insufficient capacity precludes the production of high quality products.

The importation of paper pulp, newsprint, writing paper and kraft paper will continue in 1965.

The gap between the demand and production will grow at an increasing rate up to 1967. While 72.4 percent of total paper consumption was met by domestic production in 1962, it is estimated that this percentage will drop to 63.5 percent in 1965.

Increased consumption occurred mainly in newsprint, wrapping paper and corrugated pasteboard. High prices, inefficiency in distribution and the use of newsprint as wrapping paper limited the demand. The extraordinary growth in the printing industry has raised newsprint consumption beyond the estimates of the Plan. Total demand for newsprint and writing paper exceeded Plan estimates by 15,000 tons.

3. Foreign Trade Effect

The level of imports in 1965 in comparison with that of previous years is given in Table 93.

TABLE 93 — 1962 - 1965 Imports in the Paper Sector (Thousand TL)

Item	Value				Percentage Changes (Chain Index)		
	1962	1963	1964E	1965E	1963	1964	1965
Paper Pulp	11,678	10,208	9,500	9,000	87	93	95
Newsprint	14,626	20,033	26,400	32,540	137	132	123
Writing Paper	17,680	23,849	18,000	15,000	135	75	83
Kraft Paper	11,347	16,063	21,100	18,000	149	134	85
Cigarette Paper	19,203	7,866	1,025	—			
TOTAL	**64,534**	**78,919**	**76,025**	**74,540**	**122**	**96**	**98**

Source : SPO Estimates

As will be seen from Table 93, in 1965 there will be a decrease in the imports of all types of paper except newsprint. However, in spite of the increased import of newsprint,the the total value of imports in 1965 remains unchanged. There will be no import of cigarette paper in 1965.

4. Investment Estimates

Table 94 shows the investments to be made in 1965 as compared with the previous years.

TABLE 94 — Investment Estimates in the Paper Sector (Thousand TL)

Establishments	Value				Percentage Changes (Chain Index)			General Index 1962 100
	1962	1963	1964	1965	1963	1964	1965	1965
Public Sector	47.8	30.3	91.3	111.5	63	301	122	233
Private Sector	4.9	6.6	6.9	30.0	135	105	435	612
TOTAL	**52.7**	**36.9**	**98.2**	**141.5**	**70**	**266**	**144**	**269**

A major part of the investments in this sector in 1965 will be undertaken by the public sector. The public sector establishments to be completed in 1965, will not increase production capacity. Private sector investments are for wrapping paper and pasteboard.

SEKA has not carried out some of the minor investments included in the 1964 Programme. Moreover, the implementation of larger investments has been delayed because of technical difficulties, foreign exchange shortages and insufficient location surveys and adjudication studies.

5. Measures

a. The measures of the 1964 Programme for the entire sector, which are of a continuous nature will also be pursued in 1965.

b. In order to ensure the implementation of the measures aimed at decreasing paper prices, close co-operation will be secured between SEKA and the Forestry Department.

THE PRINTING INDUSTRY

1. Introduction

The printing industry was introduced into Turkey much later than in other countries. However the lack of extensive educational activities in the country still inhibits the development of the printing industry while high prices of raw and printed materials tend to suppress demand for the products of this industry.

However, over the last years the demand for paper has grown considerably. The increase in the number of literates on the one hand, and increases in the quantity and improvement in the quality of industrial products using printed packing and wrapping paper on the other, have increased the demand for printing industry products. Printed paper accounts for the greater part of the total paper consumption.

There are 42 public and nearly 1,500 private establishments in the printing industry. In the publicly-owned printing establishments unnecessary expansion must be halted and efficiency increased, whilst the modernization of the small and primitive private establishments will help to give the desired development. Improvements both in public and private sectors are likely to result in an increase in capacity and a reduction in costs.

A great variety of official documents and tables are printed by different publicly- and privately-owned presses. A standardization of these documents would help to economize on time, effort and materials and would also increase efficiency.

2. Demand And Production Estimates

It is not possible at present to assess the exact quantity and quality of the printing industry production or demand. This industry comprises a variety of activities. However, it is interesting to examine individual branches of activity from the point of view of capacity and production.

a. Newspapers, magazines, books and brochures

Newspapers in Istanbul and Ankara are printed in up-to-date newspaper printing presses. In other areas newspapers, books, magazines and brochures are printed on general-purpose machines.

The types of newspapers, magazines and books published in 1962 and 1963 in Turkey are given in Table 95 below.

TABLE 95 — Types of Newspapers, Magazines and Books Published in Turkey

Types of Publications	Unit	Quantity	
		1962	1963
Daily newspapers	Nos.	340	372
Weekly magazines	"	200	216
Fortnightly or monthly magazines	"	203	208
Other periodicals	"	27	25
Books	"	3,440	5,426

Source : Ministry of Tourism and Information and National Library.

It is possible to get a better idea of the degree of literacy in the country and of the development of the printing industry by examining the number of copies of each type of publication. The estimated number of copies of newspapers, magazines and books which will be published in 1965, compared with previous years, is given in Table 96.

TABLE 96 — Number of Copies of Newspapers, Magazines and Books, 1962 - 1965
(Thousands)

	Quantity				Percentage Changes (Chain Index)		
Type of Publications	1962	1963	1964E	1965E	1963	1964	1965
NEWSPAPERS							
(Daily number of copies)	1,353	1,434	1,534	1,656	106	107	108
(Yearly number of copies)	485,000	513,000	549,000	592,000	106	107	108
MAGAZINES AND BROCHURES							
(Yearly number)	613	646	690	752	105	107	109
BOOKS							
(Yearly number)	6,680	9,250	11,700	13,900	138	127	119

A considerable increase in the total number of copies can be observed from the figures. Demand will go on increasing as distributing networks expand and the possibilities for reading daily papers throughout the economy increase.

b. Production in the Wrapping Paper Group

As the manufacturing output increases a greater variety of wrapping forms are used in marketing products. During the last few years the printing industry has become an integral part of the packing and wrapping industry. Today there are printers who print directly onto boxes, bags, tubes, jars and wrapping paper.

It is not possible now to make detailed comparisons of the main groups of printed packing and wrapping materials. However, estimates of the part played by the packing and wrapping group in the printing industry is indicated in Table 97.

TABLE 97 — Number of Different Printed Packing and Wrapping Forms (Million)

Type	Unit	Numbers
Canned fish, vegetables and fruits	Label	25 — 30
Medicines, tooth pastes, creams, etc.	Box	200 — 250
Soaps, washing powders, table salts etc.	Box	60 — 70
Razor blades	Cover	200 — 250
Chocolates, caramels, chewing-gums	Nos.	700 — 800
Textiles, knitting and similar products	Label	150 — 200

c. Products in the Advertising Group

A marked development in the printing of wall advertisements and hand-cuts has occurred, particularly in the advertising of industrial products and the announcing of hygiene, cultural and educational events. In addition high quality artistic work is appearing on an increasing number of tourist advertisements and wall calendars.

A number of different printing techniques are used in this industry. It is estimated that there is excess capacity in the establishments using typography, offset and photo gravure printing techniques. However, the number and the technical capabilities of establishments preparing for the printing-presses are inadequate.

The number and the quality of recently developed speciality workshops printing on gilded paper, thin aluminium plates, cellophane paper or thin plastic materials, are also inadequate. At the same time, the number of industrial firms importing these types of printed materials is increasing.

The estimated value of the total production of the printing industry in 1965, compared with the previous years, in given in Table 98.

TABLE 98 — Value of Production of Printing Industry, 1962 - 1965 (Thousand TL.)

	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
Production by	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Public Sector	13,000	14,600	16,600	19,000	112	114	114	146
Private Sector	175,600	192,600	215,700	245,900	110	112	114	140
TOTAL	**188,600**	**207,200**	**232,300**	**264,900**	**110**	**112**	**114**	**140**

Most of the industry's products change according to orders placed by the consumer. This is closely connected with the consumption of manufactured goods on the one hand and with the cultural activities of the country on the other.

3. Foreign Trade

a. Exports

The products of the printing industry are not exported. Nor will it be possible to export them unless Turkey reaches the same standard as countries having long experience and using advanced techniques. However, some scientific papers are sent to relevant institutions abroad.

b. Imports

The following major raw materials of the printing industry are imported: paper made from prime quality pulp, newsprint and printing inks. In addition, $200 - 300,000 worth of aniline printing materials are imported.

4. Investment Estimates

The estimated investment in the printing industry in 1965, compared with the previous years, is given in Table 99.

TABLE 99 — **Investments in Printing Industry, 1962 - 1965** (Thousand TL.)

	Value				Percentage Changes (Chain Index)			General Index 1962=100
Establishments	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Public Sector	5,000	5,998	21,000	18,600	107	350	89	332
Private Sector	7,600	17,200	9,900	25,000	226	58	253	329
TOTAL	13,200	23,198	30,900	43,600	176	133	141	330

For the amalgamation of the public printing - presses planned for 1965, The State Stationery Office shall continue to construct the necessary buildings and buy up publicly-owned machines. The buildings for the printing-press of the Prime Ministry and the expansion of the Stamp Printing Press will be finished in 1966. Investments by the private sector are mostly being made in label printing, the coloured printing business and in the renewal of existing plants.

5. Measures

a. Those measures of the 1964 Programme, which are of a continuous nature, shall be carried on in 1965.

b. Publicly-owned institutions shall inform the State Stationery Office in good time of their needs for printed documents and stationery, both as to type and quantity.

c. Publicly-owned institutions shall standardize their printed documents independently and send a sample of each of type to the State Stationery Office.

d. The State Stationery, Office shall, with the collaboration of the above mentioned institutions, standardize and publish printed documents.

HIDE AND LEATHER INDUSTRY

1. General Situation

The hide and leather processing industry is scattered all over Turkey in the form of small and primitive tanneries, although there are a number of modern and mechanized firms. Over the last few years, some of the smaller tanneries have had to close down due to the shortage of credit and other financial resources and because they have not been able to follow technological changes.

The modern tanneries are centralized mainly in Istanbul, Izmir and Bursa although some mechanized tanneries can be found in other areas. The majority of the tanneries are primitive, for technical and financial difficulties impede their development into mechanized establishments.

Because hides come from animals, their quality is affected by the conditions under which the animal lives. An examination of these conditions would explain the present situation of the tanning industry and would help to reveal the ways in which the quality of hides could be improved

a. Feeding and Care of the Animals

The quality of the hide, to a large extent, depends upon feeding conditions. Good animal feeds, adequate both in quantity and quality, improve the quality of the hide.

b. Animal Breeding

When improving animal strains in breeding, improvement of the quality of hides should also be borne in mind.

c. Animal Diseases

Animal diseases such as small-pox, manage, nokra (a skin disease) and foot and mouth, which damage hides and reduce their value, must be controlled. 67 percent of the cattle in Turkey have nokra, but work on the eradication of this disease is inadequate at present.

d. Habits

In Turkey, peasants habitually use nailed truncheons on their draft animals when working them. This, of course, damages the hides of the animals and reduces their value.

e. Slaughtering of Young Animals

Slaughtering lambs and calves before their skins are mature enough to be of commercial value is wasteful from the tanning industry point of view.

f. Skinning the Animals

Skinning techniques used in slaughter-houses are very primitive and damage the hides, 80 percent of which have knife cuts on them. The methods practised in advanced countries should be adopted.

g. Crude Hide Preservation

Hides must be preserved before taking them from slaughter-houses to the processing plants. Insufficient attention is paid to the salting and drying of hides, and care must be taken in disinfecting, turning and airing them.

As a consequence of these conditons and methods, heavy losses in hide and leather production are incurred. These losses are approximately as follows :

	Million TL.
Losses caused by inadequate feeding	20
Losses caused by animal diseases	75
Losses caused by habits	10
Losses caused by primitive skinning techniques	30
Losses caused by slaughtering young animals	115
TOTAL	**250**

These estimates indicate that TL. 250 million is lost every year The prevention of this loss depends upon adequate corrective measure being taken and their continued implementation. In addition, the qualit of the hides must be improved in order to obtain a permanent marke abroad and to compete with other exporting countries.

According to studies on the hide and leather industry for the 1956-5 period, the processing capacity in Turkey is shown in Table 100.

TABLE 100 — Hide and Leather Processing Capacity 1957 (Tons)

Mechanized Tanneries				Unmechanized Tanneries			
Large Headed		Small Headed		Large Headed		Small Headed	
Limed Hide	Chrome - tanned box - calf	Limed Leather	Chrome-tanned Leather	Limed Hide	Chrome - tanned box - calf	Limed Leather	Chrome-tanned Leather
58,000	28,000	2,475	5,600	14,060	1,200	6,500	290

Source : "The Leather Industry in Turkey", The Union of Chambers, Industry and Commodity Exchanges of Turkey, 1957.

Over the last several years, the leather industry has tended towards mechanization. Although technological development in this industry has reduced the number of firms, it has not caused any reduction in capacity or production. Because of the availability of finance and credits in Istanbul, Izmir and Bursa, the firms in these areas head the development.

2. Demand And Production Estimates

It is impossible to estimate precisely the demand for the major products of the hide and leather processing industry. It is even difficult to make estimates of the production of the same products because the available yearly production figures are inconsistent. However, with help of a survey into the industry conducted by the State Planning Organization in 1964, some figures have been collected for the years 1960, 1961, 1962 and 1963.

a. Production and Demand in the Hide and Leather Industry

The physical production of and the demand for hide and leather products for 1965 in comparison with the past years are given in Table 101 Production in value terms is given in Table 102.

TABLE 101 — Estimates of the Production and Demand for Hide and Leather Products, 1962 - 1965

(Thousand TL.)

Type of Product		Qantity				Percentage Changes (Chain Index)		
		1962	1963	1964E	1965E	1963	1964	1965
LARGE HEADED CHROME TANNED								
Box-calf	Dm^2	68,350	69,500	71,500	72,900	102	103	102
Chrome-Sole	Kg.	8.5	24	44	63	282	183	143
Belting Leather	Kg.	25,170	10,860	12,500	14,400	43	115	115
LARGE HEADED								
Limed leather	Kg.	515	557	600	648	108	108	108
Inner sole	Kg.	684	679	690	710	99	102	[illegible]
Sole	Kg.	6,690	5,708	6,200	6,900	85	109	[illegible]
Shagreen	Kg.	54	46	55	63	85	120	[illegible]
Vaccheta	Kg	760	3,400	3,800	4,600	447	112	[illegible]
SMALL HEADED CHROME TANNED								
Suede	Dm^2	662	367	460	529	55	125	115
Glossy leather	Dm^2	1,066	1,465	2,000	2,700	137	136	134
Lining leather	Dm^2	175	248	350	470	142	141	[illegible]
Grain side	Dm^2	10	12	15	18	120	125	[illegible]
Clothing leather	Dm^2	2,697	4,763	8,380	11,480	177	176	[illegible]
Glove leather	Dm^2	652	617	770	847	95	125	[illegible]
SMALL HEADED LIMED								
Roan	Nos.	871	833	874	926	96	105	[illegible]
Morocco	Nos.	256	277	300	327	108	108	[illegible]
OTHERS								
Pickled	Nos.	335	439	575	736	131	131	[illegible]
Buckskin	Nos	5	6	7	9	120	117	128
Furs	Nos.	7	9.7	10	12	139	103	[illegible]
Patent leather	Dm^2	972	992	1,020	1,070	102	103	[illegible]

Source : Enquiry made by the State Planning Organization in 1964

TABLE 102 — The Value of the Hide and Leather Industry Production

(Thousand TL)

Establishments	Value				Percentage Changes (Chain Index)		
	1962	1963	1964E	1965E	1963	1964	1965
Public Sector	31,000	26,770	28,100	30,900	86	105	110
Private Sector	136,000	135,200	140,600	150,400	99	104	107
TOTAL	**167,000**	**161,970**	**168,700**	**181,300**	**97**	**104**	**107**

b. Comparison Between Demand and Production

The raw material requirements of the hide and leather industry are met mainly by domestic production. The existing total capacity of raw hide processing plants is capable of meeting the domestic demand. The only imported raw materials of this sector are those that fall into the group of large headed animals. Cattle hides are imported because those produced domestically are not up to standard. Exports are made only in the form of live small-headed animals and raw hides. Exported raw hides are currently salted and dried, aired and pickled. Exporting raw hides in these forms is not desirable. Emphasis must, therefore, be laid on the exportation of pickled or more processed raw hides.

During the period of the 1965 Programme, small-headed animal hides will continue to be exported and large-headed animal hides imported, as in the past.

3. Foreign Trade Effects

a. Exports

The expected exports of the hide and leather industry in 1965 as compared with the exports of 1962 - 64 are shown in Table 103.

TABLE 103 — Exports of the Hide and Leather Industry 1962 - 65

At Current Prices
(Thousand TL.)

Type of Product	Value 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965
1. SHEEP AND LAMBSKINS							
a All types (wet)	10,760	6,540	5,300	4,800	61	81	91
b All types (dry)	26,930	33,380	40,600	48,700	124	122	120
2 GOAT & KID SKINS							
a All types (wet)	800	850	900	1,000	106	106	111
b All types (dry)	11,900	13,400	16,400	18,500	112	122	113
3 TANNED SHEEP & GOAT SKINS	250	125	175	225	50	140	129
4 OTHERS	145	265	350	425	183	132	121
TOTAL	**50,875**	**54,560**	**63,725**	**73,650**	**107**	**117**	**116**

b. Imports

The estimated imports of leather products in 1965 as compared with the imports of 1962-1964 are given in Table 104

TABLE 104 — Imports of Leather Industry Products 1962 - 1965

(At Current prices)
(Thousand TL)

Type of Product	Value 1962	Value 1963	Value 1964	Value 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965
1. COW & OX HIDES							
a. Wet (up to 15 Kg)	5,600	590	450	350	10.5	76	[illegible]
b. Wet (more than 15 Kg.)	13,140	37,580	39,500	41,500	236	105	105
c. Dry (up to 9 Kg.)	—	220	175	150	—	79	[illegible]
d. Dry (more than 9 Kg.)	1,700	2,240	3,200	4,500	132	143	141
e. Wet (all types)	800	610	500	400	76	[illegible]	[illegible]
2. WATER BUFFALO AND CALF SKINS :							
a. Wet (up to 15 Kg.)	50	—	—				
b. Wet (more than 15 Kg.)	250	210	200	180	84	[illegible]	[illegible]
c. Dry (up to 15 Kg.)	100	450	575	750	[illegible]	[illegible]	[illegible]
3. OTHERS	430	210	370	435	49	[illegible]	[illegible]
TOTAL	**22,070**	**42,120**	**44,970**	**48,265**	**191**	**107**	**107**

From the foregoing description of exported and imported leather products it can be seen that import substitution depends upon the short-term realization of investments in imitation leather and fibre leather production and upon long-term measures for improving the breed of large-headed animals.

There is also the present possibility of changing leather exports from raw hides to ready-made leather clothing.

4. Investment Estimates

The expected investment in the leather processing industry in 1965 as compared with investments in 1962-1964, are shown in Table 105.

Investments by the private sector are to be made for the purpose of modernizing existing plants and of orienting them towards exports.

Sümerbank will start the construction of an imitation leather producing unit at the Beykoz Shoe Factory.

TABLE 105 — Investments in the Leather Processing Industry 1962 - 65

(Million TL.)

Investment by	Value				Percentage Changes (Chain Index)		
	1962	1963	1964	1965	1963	1964	1965
Public Sector	—	—	1.3	0.8	—	—	61
Private Sector	2.3	5.7	1.1	5.0	246	19	450
TOTAL	**2.3**	**5.7**	**2.4**	**5.8**	**246**	**42**	**241**

6. Measures

a. Instead of constructing new plants in the hide and leather industry, it is necessary to amalgamate the small inefficient plants into larger establishments. This kind of amalgamation shall be induced by an appropriate credit policy.

b. Instead of raw hide exports, exports of pickled or finished leather products must be encouraged. Credit facilities will be made available to firms which do this.

The machinery requirements of firms which export pickled or finished leather products will be given priority.

d. Measures connected with livestock breeding problems will be taken in the agricultural industry with a view to the requirements of the hide and leather industry.

e. Slaughtering, skinning and raw hide preservation work done in the establishments of the Meat and Fish Organization and in slaughter-houses, will be regulated under a uniform code. The Meat and Fish Organization will arrange training courses and the personnel working in slaughter-houses will be trained according to them.

f. Skinning in the slaughter-houses and the establishments of the Meat and Fish Organization will be mechanized. This Organization must give the lead to other slaughter-houses in this respect.

g. Training courses or seminars will be arranged for personnel working in the hide and leather processing industry. Sümerbank will arrange these in collaboration with the related professional organizations.

h. A separate study is to be made on the development of the hide and leather industry. This study, which will cover the whole process from the raw material stage to the finished products, and which will specify the required measures to be taken, will be conducted by Sümerbank and completed by the end of the programme period.

i. In general, the leather industry in Turkey is located in unfavourable regions. Means will be sought to construct or re-locate modern establishments in more favourable areas in which power and water are available.

j. Investments for ready-made leather products, for the merging of the small factories of the shoe industry, for the utilization of scraps of leather from the shoe and ready-made clothing industry for glued and imitation leather, will be encouraged and facilities will be provided.

RUBBER INDUSTRY

1. Present Situation

The major part of the rubber industry in Turkey is dispersed in small units which are beset by technical difficulties. This dispersion is particularly evident in the production of rubber footwear and other non-tyre rubber products. Two factories for rubber tyre production established with foreign capital participation began to operate during the first quarter of 1963 and a third one started operating at the beginning of 1964.

The measures mentioned in the 1964 Annual Programme for the reduction of imports of rubber tyres began to be implemented at the beginning of 1964. Thus, the importation of specific sizes and types of tyres which could be produced domestically was forbidden. However, since imports in 1962 and 1963 exceeded domestic consumption, the output of these factories was reduced in 1963, and 28 percent of their production went to stock accumulation.

In 1963, the average production cost per kilogramme of rubber tyres produced domestically was 10 percent higher than the import price including customs duties. A comparison of CIF prices of imported tyres with domestic production costs exempt from taxes, appears to show that internal costs are 40 percent higher than import costs. Most of this difference in costs has been due to difficulties in initial production and in the under-utilization of existing capacity. By reaching the optimum capacity in the factories, (approximately 1,000 rubber tyres per day for each factory) it will be possible to reduce the cost of production. However, full utilization of optimum capacity will become possible only when tyres are exported.

The production capacity for retreading has reached 3 thousand tons per annum on the basis of one shift per day and 300 working days. Although this means 250 thousand tyres in terms of retreading, the equipment available for retreading cannot turn out more than 70 thousand tyres. According to the figures given by the Ministry of Industry, 35 percent of total retreading capacity was utilized in 1963. Full utilization of camel-back production capacity depends on an increase in retreading and on exports of retreading tyres. In fact there appear to be potential export possibilities for retreading tyres in the light of the present prices and quality.

In 1963, 30 percent of the established capacity for rubber footwear was utilized and this percentage has not changed in 1962.

2. Demand And Production

a. Demand

Estimates of demand in the rubber industry for 1965, as compared with previous years, are given in Tabie 106..

b. Production

Production estimates for 1962-1965 are given in Table 107.

TABLE 106 — Rubber Industry Internal Demand Estimates (Thousand Units)

	Quantity				Percentage Changes (Chain Index)			General Index 1962 = 100
Main Products	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Car Tyres a/	157.3	160.7	162.9	171.0	102	101	105	109
Truck and bus tyres a/	286.7	292.9	297.1	311.8	102	102	105	109
Tractor tyres a/	80.2	82.0	82.7	87.2	102	100	105	109
TOTAL	**524.2**	**535.6**	**542.7**	**570.0**	**102**	**102**	**105**	**109**
Rubber footwear (Million pairs)	11.5	11.2	12.0	13.6	97	107	113	118

a/ *The requirements of the Ministry of Defence are not included in the figures.*

TABLE 107 — Production Estimates in Rubber Industry (Thousand Units)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
Main Products	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Car tyres	—	57.3	127.0	170.0	—	222	134	
Truck and bus tyres	—	66.8	216.0	310.0		323	144	
Tractors tyres	—	11.4	37.0	70.0		325	189	
TOTAL	**—**	**135.5**	**380.0**	**550.0**	**—**	**280**	**145**	**—**
Rubber footwear (Million pairs)	11.5	11.2	12.0	13.6	97	107	113	118
	Value							(Current Prices (Million TL)
Private Sector	188.4	255.8	450.0	575.0	136	176	128	305
Public Sector	—	—	—					
TOTAL	**188.4**	**255.8**	**450.0**	**575.0**	**136**	**176**	**128**	**305**

c. Comparison of Demand and Production

It is estimated that the production target for rubber tyres envisaged in the 1964 Annual Programme will be realized. However, the importation of tyres of certain specific types and sizes which cannot be produced domestically has continued in 1964. Studies will be undertaken to investigate the means of meeting the total demand in 1965 through domestic production. However, it seems that it will be still necessary to import some types of tyres that cannot be produced domestically.

3. Foreign Trade Effect

a. There are no exports from the rubber industry at present. However, it is obvious that this industry has export potentials. To reach optimum capacity in the new tyre factories, export possibilities will have to be investigated in coming years.

b. Import Effect

The realized imports in 1962 and 1963 and import estimates for 1964 and 1965 of the main raw materials and products in this sector are given in Table 108. As will be seen from this table, there has been a structural change from finished products to raw materials in import requirements since 1963. The production of other rubber products, and particularly the type of rubber items used domestically in vehicles, will depend on technical improvements in present establishments.

Import substitution in 1965 through the newly established rubber tyre factories will be approximately TL. 76.4 million ($8.5 million). The studies, envisaged in the 1964 Programme for providing the raw material needs of the rubber tyre factories have continued. The main raw materials in this sector are natural and synthetic rubber. Although there is an increasing and diversified production of synthetic rubber in advanced countries, local utilization has remained limited, as can be seen from Table 108. Studies will be undertaken in order to determine the types of synthetic rubber necessary for various types of products and determine what is required for the establishment of a synthetic rubber industry in succeeding years.

(At Current Prices)
(Thousand TL.)

TABLE 108 — Major Imports of Rubber Industry

Major Items	Value 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
Tubes & tyres	192,000	176,000	75,000	9,000	92	43	12	5
Transmission belts	12,530	12,163	8,000	7,500	97	66	94	60
Natural rubber	23,371	37,898	60,000	80,000	162	158	133	342
Artificial rubber	6,829	11,011	22,000	25,000	161	200	114	366
TOTAL IMPORTS	**234,730**	**237,072**	**165,000**	**121,500**	**101**	**70**	**74**	**52**

4. Investment Estimates

There is no public investment in the rubber industry. Estimates regarding private sector investments are given in Table 109.

(Million TL.)

TABLE 109 — Investment Estimates in the Rubber Industry

Establishments	Value 1963	1964	1965 Foreign	1965 Total
Private sector	99.3	47.2	67.0	111.2
Public sector	—	—	—	—
TOTAL	**99.3**	**47.2**	**67.0**	**111.2**

6. Measures

a. In order to meet the total demand for rubber tyres out of domestic production, the State Statistical Institute is to make a breakdown of tyre requirements according to size and type, and to publish their findings in annual statistics.

b. In order to increase the use of retreading capacity and save foreign exchange, measures shall be undertaken to increase the use of retreaded and new tyres to the same level as in other countries.

The public sector will use rubber tyres for longer periods by taking full advantage of retreading processes.

c. A technical working group shall be formed under the leadership of the Union of Chambers of Commerce in order to improve the technology of firms producing rubber footwear and other rubber products; the results of studies will be publicized in brochures and by the organizing of seminars or the conducting of experiments in various establishments.

d. Priority will be given to studies by the Institute of Turkish Standards in order to fix the standards of retreaded tyres.

THE CHEMICAL INDUSTRY

1. General Situation

a. Foreseen as principle targets of the Development Plan, are :

— The establishment of a basic chemical industry.

— The construction of plants to meet the rapidly increasing demand for chemical fertilizers and agricultural drugs.

— The domestic production of synthetic, semi-synthetic fibres and other products the importation of which would otherwise entail too much foreign currency.

— The domestic production, where possible, of the active substance used in the drugs of the pharmaceutical industry.

The demand for chemical products together with demand for other producer and consumer goods is increasing rapidly. This increase in demand is met to a greater extent by imports than from local production. The imports in this sector which amounted to TL. 540 million in 1961 rose to TL. 685 million in 1962 and TL. 748 million in 1963. The rates of increase are 26.9 percent and 9.2 percent respectively. From the statistics available it can be seen that the increase in local production from 1962 to 1963 was 4.9 percent. Even so, these large importation figures are far from meeting the demand for certain products. It is understood that there will be an even higher demand for imports in coming years. In these circumstances it is even more important to emphasize the priority for chemical factories.

b. In the 1963 - 1964 period the following changes in the chemical industry were particularly noticeable.

(1) The studies and project preparations for a soda factory with a capacity of 60,000 tons per year were completed.

A chlorine-alkali factory with a capacity of 10,000 tons per year of sodium hydroxide was built by private enterprise. Other chlorine-alkali projects are being studied.

In the production of sulphuric acid, the Etibank Murgul Factory, which was established in 1965 and which started production in

1963, has been working at only 30 percent of its capacity. The establishment of another sulphuric acid factory in Ergani is being studied by Etibank.

(2) For the extra production of 338,000 tons per year of 26 percent ammonium nitrate (a type of chemical fertilizer) plans for the enlargement of the Kütahya Nitrogen Factory have been considered and pre-project plans have been commissioned.

A new project for superphosphate production, together with the above mentioned Ergani sulphuric acid project, is being studied by Etibank.

(3) The production of capralactam, which is the principal component of synthetic fibres, and the increase of the synthetic silk production are being studied by the Sümerbank. A project is being prepared for the manufacture of those plastic products the importation of which is increasing rapidly, and which will most widely be used in a petro-chemical complex.

(4) Although it is known that some foreign firms have prepared projects for plants that will synthesise some of the active ingredients used in the production of pharmaceuticals, these projects have not yet reached the investment stage.

2. Estimates For Demand And Production

a. Demand

The demand and estimates for future demand for the principal products of the chemical industry for the years 1962 - 1965 are shown in Table 110. It is estimated that the demand for 1965 for pharmaceuticals and other products of the industry not shown in the table will be around TL. 2,425 billion.

b. Production

The production quantities and estimates of some products of the chemical industry in the years 1962 - 1965 are shown in Table 111.

It is estimated that the value of domestic production which was TL. 330 billion in 1963 will be TL. 1,415 billion in 1964, and TL. 1,470 billion in 1965. In that case the rates of increase would be respectively 6.4 percent and 3.9 percent.

As seen in Table 112, in 1965 the share of domestically produced chemical products in meeting the general demand will decrease following the trends of the recent years.

TABLE 110 — Domestic Demand and Estimates of Future Demand in the Chemical Industry

(Ton/Year)

Main Products	Quantity				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
Soda	27,891	24,532	29,000	32,000	88	118	110	115
Sodium hydroxide	21,194	20,539	22,000	24,000	97	107	109	113
Salt	371,655	395,887	420,000	450,000	106	106	107	121
Sulphuric acid (66° Be)	41,757	96,218	110,000	120,000	230	114	109	287
Nitric acid	2,542	2,240	2,600	3,000	88	116	115	118
Hydro-chloric acid (33 %)	1,621	2,437	2,500	5,000	150	102	200	308
Nitrogenous fertilizers (20 %)	214,290	201,606	240,000	310,000	94	119	129	145
Superphosphate (18 %)	95,865	220,582	400,000	520,000	230	181	130	542
Potassium fertilizers (50 %)	4,183	12,130	25,000	30,000	290	206	120	717
Semi - synthetic fibres :	6,190	9,125	9,000	9,800	147	99	109	158
— Rayon	3,340	3,525	3,000	3,300	106	85	110	99
— Viscon	2,850	5,600	6,000	6,500	196	107	108	228
Synthetic fibres :	3,942	4,153	4,500	5,000	105	108	111	127
— Nylon 6 (or nylon 66)	..	..	2,800	3,000	—	—	107	—
Artificial plastic substances :	..	..	39,000	42,000	—	—	107	—
— Condensation plastics	..	..	12,000	13,000	—	—	108	—
— Polymerization plastics	..	..	27,000	29,000	—	—	107	—
Synthetic rubber	1,752	2,708	5,000	5,500	155	185	110	314
Carbon black	1,632	2,565	4,000	5,000	157	156	125	306
Azo dyes	..	..	400	400	—	—	100	—
Sulphur black	..	..	1,000	1,000	—	—	100	—
Coloured sulphur dyes	..	..	250	250	—	—	100	—
Ethyl alcohol (Million litres)	18	20	21	23	111	105	109	128

(Ton/Year)

TABLE 110 — (cont.)

Main Products	Quantity				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964	1965	1963	1964	1965	1965
	972	932	1,000	1,100	96	107	110	113
Trichlorethylene	972	552	900	950	57	163	106	98
Carbon bisulphide	325	287	325	350	88	113	108	108
Acetone	208	211	250	300	101	118	120	144
Tartaric acid	330	171	400	400	52	234	100	121
Citric acid	677	444	700	750	66	158	107	111
Acetic acid	1,417	1,028	1,400	1,500	73	136	107	106
Sodium sulphide	3,166	..	3,300	3,500	—	—	106	110
Sodium silicate	2,349	2,962	3,000	3,200	126	101	107	136
Sodium bicarbonate	2,407	2,020	2,500	1,600	84	124	64	66
Sodium chlorate	7,321	5,346	6,000	7,000	73	112	117	96
Calcium carbide	2,049	3,371	3,500	4,000	164	104	114	195
Technical ammonium nitrate	2,879	5,009	6,000	6,500	174	120	108	226
Aluminium sulphate	248	273	300	350	110	110	117	141
Hydrogen peroxide (30 %)	221	319	350	400	144	110	114	181
Methyl alcohol	4,139	5,889	6,000	7,000	142	102	117	169
Benzine	258	425	450	500	165	106	111	194
Toluene	255	632	650	700	248	103	108	274
Xylene	566	879	1,000	1,100	155	114	110	194
Naphthalene	624	716	800	850	115	112	106	136
Glycerine	..	..	1,400	1,500	—	—	107	—
Synthetic resin	..	2,147	2,200	2,400	—	102	109	—
Oxygen(1,000 m^3)	..	1,600E	1,800	2,000	—	112	117	—
Carbon dioxide	1,750	1,736	4,000	8,000	99	230	200	457
Chlorine								

TABLE 110 — (cont')

(Ton/Year)

Main Products	Quantity 1962	Quantity 1963	Quantity 1964	Quantity 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962=100 1965
Manganese oxides	500	2,030	2,300	2,500	406	113	109	500
Lithopone	1,108	..	1,200	1,250	—	—	104	113
Zinc oxide	1,832	1,746	1,900	2,000	95	109	105	109
Ultramarine	635	232	650	650	37	280	100	102
Titanium dioxide	988	1,405	1,500	1,600	142	107	107	162
Linseed oil	..	..	2,500	2,700	—	—	108	—
Olive oil cake extract	..	10,000E	11,000	11,000	—	110	100	—
Pesticides :								
— DDT	2,023	1,417	2,000	2,500	70	141	125	124
— Gamma BHC (15 %)	..	..	1,000	3,000			300	—
— Specialities contng. DDT (powder)			5,200	5,200			100	
— Specialities contng. DDT (liquid)			200	200			100	
— Specialities contng. Gamma BHC (powder)			450	450			100	
— Specialities contng. Gamma BHC (liquid)			50	50			100	
— Specialities contng. DDT + Gamma BHC (powder)			7,500	6,000			80	
— Specialities contng. DDT + Gamma BHC + S (powder)			2,500	2,500			100	
Common sulphur (powder)			12,000	—			—	
Sulphur (powder 325 mesh)			1,600	6,000			375	
Sulphur - containing specialities			300	400			133	
Seed specialities with mercury			2,500	2,500			100	
Other chlorinated hydrocarbons			1,750	1,750			100	
Copper sulphate			2,000	2,000			100	
Copper preparations (powder)			175	175			100	
Specialities with parathion (liquid)			110	125			114	

TABLE 110 — (cont')

(Ton/Year)

Main Products	Quantity 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962=100 1965
Specialities with organic phosphorus (liquid)			600	600			100	
Specialities with organic phosphorus (powder)			350	600			171	
Foreign weed killer specialities (liquid)			350	500			143	
White oils (liquid)			800	1,000			125	
Organic preparations (powder)			1,000	1,500			150	
Winter wash specialities (liquid)			350	350			100	—
Specialities with carbomate and carbarile (powder)			1,600	1,600			100	—
Vallex	4,000E	4,000E	5,000	5,000	100	125	100	125
Soaps	65,000E	69,000E	74,000	79,000	106	109	107	121
Matches (case = 5,000 boxes)	106,022	115,257	124,000	130,000	109	107	105	123
Varnish	2,500E	2,700E	2,800	3,000	108	104	107	120
Oily and synthetic dyes	6,500E	7,500E	8,000	8,500	115	107	106	131
Printing inks			1,100	1,150	—	—	104	—
Various films	191	359	300	370	188	84	123	194
Cinema films	105	123	120	140	117	97	117	133
X - ray fims	7	146	80	120	2,085	55	150	1,715
Photographic films	79	90	100	110	114	11	110	139

TABLE 111 — The Domestic Production and Estimates of the Chemical Industry

(Ton Year)

Main Products	Quantity				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
Sodium hydroxide	1,973	1,956	4,000	10,000	99	204	250	507
Salt	440,972	446,817	480,000	500,000	101	107	104	113
Sulphuric acid (66 'Be)	28,596	54,600	60,000	80,000	191	110	133	280
Nitric acid	1,996	2,200	2,500	3,000	110	114	120	150
Hydrochloric acid (33 %)	1,114	896	1,500	5,000	80	167	333	450
Nitrogenous fertilizers (20 %)	103,729	147,258	160,000	160,000	142	109	100	154
Superphosphate (18 %)	51,893	179,912	170,000	200,000	347	95	118	385
Semi-synthetic fibres	1,321	1,490	1,500	1,500	113	101	100	114
— Rayon	647	653	650	650	101	100	100	100
— Viscon	674	837	850	850	124	102	100	126
Ethyl alcohol (Million litres)	18	20	21	23	111	105	110	128
Carbon bisulphide	972	572	900	700	59	157	78	72
Acetic acid	129	444	700	750	344	158	107	581
Sodium sulphur	1,010	988	1,000	1,300	98	101	130	129
Lime	1,449	751	750	500	52	100	67	35
Calcium carbide	1,634	5,346	6,000	7,000	327	112	117	429
Technical ammonium nitrate	2,040	3,359	3,500	4,000	165	104	114	196
Benzene	4,139	5,889	6,000	7,000	142	102	116	169
Toluene	258	425	450	500	165	106	111	194

TABLE 111 — (cont')

(Ton/Year)

Main Products	Quantity 1962	Quantity 1963	Quantity 1964	Quantity 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962=100 1965
Xylene	195	243	300	400	125	123	133	205
Naphthalene	566	879	1,000	1,000	155	114	110	195
Resin (colophene)	3,072	1,915	2,000	2,500	62	104	125	81
Oxygen (thousand m^3)	..	2,147	2,200	2,400		102	109	—
Chlorine	1,750	1,736	4,000	8,000	99	230	200	457
Lithopone	965	..	1,200	1,300			108	135
Linseed oil	..	10,000E	11,000	10,000	—	110	91	—
Pesticides :								
— DDT	—	—	500	2,500			500	
— Gamma BHC (15 %)	—	—	—	2,000				
— Specialities contng. DDT (powder)			5,200	5,200			100	
— Specialities contng. DDT (liquid)			200	200			100	
— Specialities contng. Gamma BHC (powder)			450	450			100	
— Specialities contng. Gamma BHC (liquid)			50	50			100	
— Specialities contng. Gamma BHC + DDT (powder)			7,500	6,000			80	
— Specialities contng. DDT + Gamma BHC + S (powder)			2,500	2,500			100	
Common sulphur (powder)			12,000	—			—	
Sulphur (powder 325 mesh)			1,600	6,000			375	

TABLE 111 — (cont')

(Ton/Year)

Main Products	Quantity				(Chain Index) Percentage Changes			1962=100 General Index
	1962	1963	1964	1965	1963	1964	1965	1965
Sulphur - containing specialities (powder)			100	150			150	
Seed specialities with mercury			2,500	2,500			100	
Other chlorinated hydrocarbons			1,500	1,500			100	
Copper sulphate			1,500	1,500			100	
Copper preparations (powder)			25	50			200	
Specialities with parathion (liquid)			20	50			250	
Specialities with organic phosphorus (liquid)			250	250			100	
Specialities with organic phosphorus (powder)			250	500			200	
Foreign weed specialities (liquid)			150	150			100	
White oils (liquid)			800	1,000			125	
Winter wash specialities (liquid)			300	300			100	
Specialities with carbonate and carbarile (powder)			100	100			100	
Rose oil (Kg.)	700E	750E	600	750	107	80	125	107
Vallex	12,367T	11,148T	12,500	13,000	90	112	104	105
Soaps	65,000E	69,000E	74,000	79,000	106	107	107	122
Matches (case = 5,000 boxes)	106,022	115,257	124,000	130,000	109	107	105	123
Varnish	..	2,637	2,700	2,900	—	102	107	—
Oily and synthetic dyes	..	7,066	8,000	8,500	—	113	106	—

— *T = Tentative or uncertain*

TABLE 112 — Production and Imports of the Chemical Industry

(Million TL.)

	1962		1963			1964			1965		
	Value (Mill. TL.)	The percentage of total demand	Value (Mill. TL.)	Increase %	The percentage of total demand	Value (Mill. TL.)	Increase %	The percentage of total demand	Value (Mill. TL.)	Increase %	The percentage of total demand
Production	1,268	64.9	1,330	4.9	64.0	1,415	6.4	62.1	1,470	3.9	60.6
Importation	685	35.1	748	9.2	36.0	860	15	37.9	955	11	39.4
TOTAL	**1,953**	**100.0**	**2,078**	**6.4**	**100.0**	**2,275**	**9.6**	**100.0**	**2,425**	**6.6**	**100.0**

3. Foreign Trade Effect

a. Export Effect

The value of exports in 1962 and 1963 and estimates for 1964 and 1965 of principal export products are shown in Table 113. The products of the industry do not have an important place in general exports. However, exports of some vegetable oil and essences are important because of their effect on agricultural activity.

b. Import Effect

The value of imports in 1962 and 1963 and estimates of the demand for imports in 1964 and 1965 for some chemical products are shown in Table 114.

TABLE 113 — The Export Effect of the Chemical Industry (Million TL.) (At Current Prices)

	Value				Percentage Changes (Chain Index)		
Main Products	1962	1963	1964	1965	1963	1964	1965
Vallex (Vallonia extract)	7.9	9.7	10.0	10.5	123	103	105
Liquorice root extract	6.9	6.9	7.0	7.5	100	101	107
Rose oil	3.7	4.0	3.5	4.0	108	87	114
Colophene	1.1	0.6	1.0	1.0	55	167	100
Salt	0.9	1.0	1.0	1.0	111	100	100
Linseed oil	0.8	—	0.5	0.5	—	—	100
Storax	2.9	3.0	3.0	3.0	103	100	100
Wax	1.3	1.4	1.5	1.5	108	107	100
Laurel oil	0.7	0.9	1.0	1.0	129	111	100
Pharmaceutical products		0.5	0.5	1.0	—	100	200
Other products	0.7	1.5	1.5	2.0	214	100	133
TOTAL	**26.9**	**29.5**	**30.5**	**33.0**	**110**	**102**	**115**

TABLE 114 — The Import Effect of the Chemical Industry (Current Prices) (Million TL.)

Main Products	Value 1962	Value 1963	Value 1964	Value 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965
Soda	10.2	7.9	9.3	10.3	77	118	111
Sodium hydroxide	9.5	10.5	10.5	8.0	110	110	75
Sulphuric acid	3.0	12.8	15.3	18.5	427	120	121
Nitrogenous fertilizer	51.8	5.1	14.0	34.0	10	274	243
Phosphate fertilizers	11.4	11.2	60.0	78.0	98	536	130
Composite fertilizers	10.5	33.6	35.0	40.0	32	104	114
Semi - synthetic fibres (artificial silk)	37.1	51.7	60.0	65.0	139	116	108
Synthetic fibres	75.2	103.5	115.0	90.0	137	111	78
Synthetic rubbers	6.8	11.0	22.0	25.0	162	200	114
Carbon black	3.0	5.0	7.9	9.8	167	158	124
Dying products	49.0	47.5	50.0	55.0	97	105	110
Dyes	10.7	12.0	13.0	14.0	112	108	108
Trichlor - ethylene	1.5	1.4	1.5	1.8	93	107	120
Tartaric acid	1.2	1.1	1.3	1.6	92	118	123
Acetic acid	1.0	0.1	—	—	10	—	—
Sodium bicarbonate	1.3	1.5	1.5	1.8	115	100	120
Sodium silicate	1.1	0.9	1.7	1.8	82	189	106
Calcium carbide (carpite)	4.8	2.3	—	—	48	—	
Aluminium sulphate	1.1	2.2	2.6	2.8	200	118	108
Glycerine	1.8	2.5	3.0	3.2	139	120	107
Manganese oxides	1.0	3.8	4.3	4.6	380	113	107
Zinc oxide	3.6	3.5	3.8	4.0	97	109	105
Titanium dioxide	4.1	5.4	5.8	6.2	132	107	107
DDT	8.3	5.5	5.8		66	105	
Pesticides	28.2	28.2	29.0	30.0	100	103	103
Industrial oil acids	2.8	3.8	4.0	4.5	129	112	112
Tensio-active products	6.3	5.6	6.0	6.5	89	107	108
Printing inks	5.2	5.1	5.0	5.0	98	98	100
Films	14.8	17.3	16.0	19.0	117	92	119
Perfumes	5.4	7.0	8.0	9.0	130	114	113
Pharmaceutical products	63.5	82.5	90.0	100.0	130	109	111
Plastics and other chemical products	250.0	256.7	263.4	310.6	103	103	118
TOTAL	**685.0**	**748.0**	**860.0**	**955.0**	**109**	**115**	**111**

There is a great potential for import substitution in the chemical industry. The imported products with the highest values in Table 114, and therefore those with the greatest potential for replacement by domestic production, are semi-synthetic (artificial silk) and synthetic (nylon and similar) fibres, plastic products, chemical fertilizers, detergents, sulphuric acid, soda-ash and sodium hydroxide.

In 1965, the construction of plants that will produce these products shall be started, and studies of some others shall be completed. The production from these plants will start in 1967 at the earliest. During this period the importation of the chemical products shown in Table 114, shall continue. There shall be large additional imports because of the material requirements of the proposed new factories. Under these circumstances, a factory, especially in the chemical industry, will not be imported in its entirety. In contracts which are made with builders and contractors, it should be stipulated that as far as possible the machinery and equipment should be locally manufactured and that engineering activities should be carried out by local firms. This should save a considerable amount of foreign currency and increase the domestic production of equipment.

4. Investments

Estimates of investments in the chemical industry are shown in Table 115.

TABLE 115 — Estimates of Investments of the Chemical Industry (Million TL.)

Establishments	Value 1963	Value 1964	Value 1965 Foreign	Value 1965 Total	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962 = 100 1965
Public sector	15.5	224.5	184.4	341.4	1,443	151	2,202
Private sector	80.0	42.4	70.0	150.0	53	354	107
TOTAL	95.5	266.9	254.4	491.4	279	183	512

5. Measures

a. The capacity of the new chemical plants which are being studied by the SEE should be established, not according to estimates of single capacities, but according to comparisons of the costs of various capacities, which comparisons should be related to market studies in order to find the most economic size plant.

b. In the nitrate industry Sümerbank, Turkish Petroleum A. O., Et bank and the Cellulose and Paper Factories Establishment shall arrange contracts and new projects in such a way as to use local machines and factory equipment as far as possible. For this purpose, they shall c operate with public and private sector establishments such as the Mechanical and Chemical Industry Association, the Iron and Steel Works the Sugar Company and the State Railway Workshops.

NON - METALLIC PRODUCTS

1. Cement

a. General Situation

(1) Because cement is a principal investment product, the demand for it must be met at a price related to regional investment requirements. Besides other economic factors, therefore, the problems of minimizing transportation costs must be taken into consideration when determining the locations and capacities of cement factories. There are other problems as well. The need to make studies on the fundamentals of both the economics and the techniques of cement production was adopted as a principle in the First Five-Year Development Plan and in the 1963 and 1964 Annual Programmes. In addition, there are the problems of ensuring that each cement factory gives priority to meeting the needs of its own sales area, reduces production costs, and increases the production of cement by using more additives such as the residuals of blast furnaces.

(2) Because cement production is a continuous process, while the demand for cement is concentrated in certain months of the year, the problem of maintaining a proper level of cement stocks arises. This creates difficulties for producers and consumers from the point of view of storage, transportation and financial resources, to the extent that when market conditions are favourable, speculators exploit the situation and intervene at various stages between producers and consumers. The result is an imbalance in prices of cement. Moreover, because the minimum physical conditions required for cement storage are not satisfactory and because the storage period is often prolonged by unfavourable market conditons, cement loses some of its essential properties.

(3) The system in which cement production was taxed and the prices fixed by the government in order to build up a fund for subsidizing factory losses, was abandoned in 1964. It is not expected that the supply price to the consumer will change under the new system. Nor is it expected that the general price level will be higher than the level to which it had artificially been raised by speculators.

(4) The per capita consumption of cement between 1960 - 65 is given in Table 116.

TABLE 116 — Cement Consumption

Years	Per capita consumption a/	Chain Index	General Index
1960	70.0	100	100
1961	71.2	102	102
1962	78.8	111	113
1963	92.1	117	132
1964E	96.6	105	138
1965E	104.7	108	150

a/ Based on the population estimates in the Plan

Despite the fact that production of cement in Turkey has been growing faster than in a number of other countries, a/ consumption of cement per head is low. Cement production in Turkey has reached only .007 of total world production.

(5) The actual production of cement in 1963 was 2,681,000 tons as against the 2,715,000 tons estimated in the Annual Programme. 100,000 tons of cement were imported in the same year, the highest quantity since 1958. On the other hand, only 2,764,000 tons of cement were sold in 1963 and stocks of 63 thousand tons of cement and 93 thousand tons of clinker were accumulated. These stocks were respectively 17 thousand and 21 thousand tons higher than the previous year.

There was a stagnation in the cement market in the first months of 1964. Although production and sales had increased in the first half of 1964 over the same period of the previous year, the rates of increase were smaller than in the 1962 - 63 period. It is estimated, on the basis of these developments that total consumption in 1964 will be 3 million tons at the most.

The production, sales and stocks of cement in the first 6 months of 1964, compared with the same periods of the previous years, are given in Table 117.

As the table indicates, the stock of cement in the first 6 months of 1963 decreased as compared with the same period of 1962, whereas it increased in 1964.

---

a/ The average rate of increase in world production was 7.9 percent per annum over the 1950 - 60 period

TABLE 117 — Production and Stocks of Cement (based on the figures of the first 6 months of 1964)

	Cement Production			Sales			Cement + Clinker Stocks (end of June)			Cement + Clinker Stocks (end of June)		
	1962	1963	1964	1962	1963	1964	1962	1963	1964	1962	1963	1964
Quantity (Thousand tons)	1,015.1	1,205.8	1,316.2	1,007.4	1,206.3	1,331.1	153.8	116.4	173.6	218.1	170.1	239.9
Index (1962 = 100)	100	119	109	100	120	132	100	76	113	100	78	110

The percentage changes in production, sales and stocks in the first half of 1964 over the same period of the previous year are given in Table 118.

TABLE 118 — Changes in Production, Sales and Stocks of Cement

	1962 - 1963	1963 - 1964
Production of cement	+ % 18.8	+ % 9.2
Sales of cement	+ % 19.7	+ % 10.3
Stocks of cement	— % 13.6	+ % 22.3
Production of clinker	+ % 14.2	+ % 8.9
Stocks of clinker	— % 24.3	+ % 49.1
TOTAL STOCKS	**— % 22.1**	**+ % 41.0**

On the other hand, while the stocks of cement at the end of June 1964 were almost the same as at the end of 1963, the stocks of clinkers increased to 174 thousand tons, an increase of 86 percent.

TABLE 119 — The Stock/Production Ratio at the end of June 1962 - 64

	Clinker Stock/Production	Cement Stock/Production
Years	%	%
1962	14.7	6.3
1963	9.3	4.5
1964	13.3	5.0

b. Demand and Production Estimates

(1) Demand Estimates

Estimates of the demand for cement in 1965 are given in Table 120.

TABLE 120 — Demand Estimates for Cement (Million Tons)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
Product	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Cement	2,328	2,764	3,000	3,350	119	108	112	144

(2) Production Estimates

Production estimates of cement for 1965 are given in Table 121.

TABLE 121 — Domestic Cement Production Estimates (Million Tons)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
Product	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**	**1965**
Cement	2,316	2,681	3,000	3,405	116	112	114	147

(3) Comparison between Demand and Production

The estimated demand for cement in 1964 was 3 million tons, which has proved to be correct according to actual developments in the first 6 months of the year. It is possible to produce 3.1 million tons of cement by using additives in cement production. However, the actual production in 1964 is expected to be 3 million tons. Production in 1965 with an increase of 14.2 percent over 1964, is expected to be 3,405,000 tons. This level of production will be obtained by coverting some of the factories from the use of wet to dry production techniques, by ensuring that the Konya and Niğde factories work at full capacity, by the expansion of the Ankara factory and by the establishment of Elâzığ II. If Elâzığ II is not put into operation production, will drop to 3,305,000 tons in 1965.

The actual production in 1962 and 1963 and the estimated production in 1964 and 1965 of cement are given in Table 122.

TABLE 122 — Cement Production Estimates **(Thousand Tons)**

		The Highest Possible Production		
Factories	**1962**	**1963**	**1964E**	**1965E**
1. Sivas	185	173	200	180
2. Adana	183	201	200	210
3. Afyon	120	128	125	125
4. Ankara	150	106	180	280
5. Balıkesir	125	110	125	125
6. Çorum	127	138	125	140
7. Elâzığ I, II, a/	80	118	125	275
8. Pınarhisar	113	127	120	120
9. Gaziantep b/	107	147	126	140
10. Söke	14	101	110	125
11. Bartın	10	175	250	250
12. Darica	316	309	315	315
13. Eskişehir	167	183	175	180
14. Izmir	164	160	165	185
15. Kartal	260	263	265	265
16. Kartalburnu	195	192	195	200
17. Konya	—	50	120	170
18. Niğde	—	—	80	120
TOTAL	**2,316**	**2,681**	**3,000**	**3,405**

a/ *Since Hazer II hydro-electric plant will be put into operation in 1966, necessary measures should be taken in regard to the power requirements of Elâzığ II. Otherwise production will be 100,000 tons lower.*

b/ *The increase in production expected by the conversion to dry production techniques is not included.*

d. Foreign Trade

In 1963, 100,000 tons of cement were imported. On the other hand, the end-of-year stock in 1963 was 62,979 + 93,567 = 155,546 tons (cement + clinker) and was 38,000 tons more than in 1962/63. Furthermore, in 1964 28,496 tons of cement were imported by the end of July. The stock of imported cement was 11,000 tons at the end of the same month.

TABLE 123 — Imports and Exports of Cement (Thousand Tons)

	Amount			
Explanation	1962	1963	1964	1965
Imports	2.2	100.0	70.0	—
Exports	—	2.5	—	—

e. Investment Estimates

Estimates of investment for 1965 are give in Table 124. As the figures in the table show, investments in the cement industry exceed planned targets. This can be explained by the following factors. First, as general investment increases so does the demand for cement and to meet this increase in demand a certain amount of investment is necessary. Secondly, the existing regional pattern of cement supply is unbalanced. In order to meet the demand of regions which are short of cement at the lowest transportation costs possible, additional investment is needed. Thirdly, conversion from wet to dry processing techniques, for the purpose of increasing production and reducing costs, requires additional investment expenditure.

f. Measures

Estimates of investment for 1965 are given in Table 124. As the 1963 and 1964 Annual Programmes which were not fully implemented.

(2) In converting the existing mills from wet to dry processing techniques and in the construction of new mills, domestic goods and services will be used as much as possible. If the construction of any new mill is contracted out to foreign firms, emloyment of a certain number of Turkish technicians and workers, both in the project preparation stage and other stages of investment, should be included in the contracts.

TABLE 124 — Estimates of Investment in Cement Industry

(Thousand TL.)

Establishments	1962		1963		1964E		1965E		Percentage Changes (Chain Index)			General Index 1962=100
	Foreign	Total	Foreign	Total	Foreign	Total	Foreign	Total	1963	1964	1965	1965
Public sector	..	30,000	6,756	25,917	34,700	87,700	39,400	70,020	85	336	81	232
Private sector	..	..	—	—	20,000	30,000	40,000	67,430	..	—	225	..
TOTAL	..	..	**6,756**	**25,917**	**54,700**	**117,200**	**79,400**	**137,450**	..	**452**	**117**	..

2. Cement Products Industry

a. General Situation

(1) The production of cement products has only recently begun. The technical and economic requirements for producing certain types of cement products have encouraged domestic production which now replaces the importation of these products.

The expansion of a private asbestos cement pipe plant was completed and put into operation in 1964. The Ankara Cement Industry Corporation's asbestos cement pipe factory, which will have a capacity of 35,000 tons per year, is expected to be put into operation in July 1965.

Concrete poles and asbestos concrete sheets are produced mostly by the private sector. Only one publicly-owned establishment produces 15,000 vibrated concrete poles a year.

The total production capacity of the establishments producing asbestos cement pipes will be 70,000 tons per year in the middle of 1965. If the public establishment producing vibrated concrete poles operates in three shifts, production will be 30,000 poles a year.

(2) Publicly-owned establishments are the principal buyers of major products such as concrete poles and asbestos-cement pipes which are used in waste water and fresh water plumbing. The expected increase in demand for cement products can be met by utilizing unused capacity. Unused capacity can be utilized if these products are specified in projects always taking into account the need for cost comparisons between installations in asbestos-cement and its substitutes.

b. Demand and Production Estimates

(1) Demand

Most cement products are substitutes for other products made of different materials. The demand for these products depends therefore, on the user's knowledge of the products and his estimates of the comparative economic and technical merits of cement products over their alternatives. In the absence of a user survey it is difficult to determine the precise level of demand for these products. However, as a rough indication, estimates of demand for the major cement products are given in Table 125.

TABLE 125 — Estimates of Demand for Cement Products

Items	Unit	Amount				Percentage Changes (Chain Index)			General Index 1962=100
		1962	1963	1964E	1965E	1963	1964	1965	1965
Asbestos-Cement pipe	Thous. ton	—	—	—	—	—	—	—	—
Concrete poles	Thous.	18	20	22	25	111	110	114	139

(2) Production

Estimates of production of major cement products are given in Table 126.

TABLE 126 — Production Estimates of Cement Products

Items	Unit	Amount				Percentage Changes (Chain Index)			General Index 1962=100
		1962	1963	1964E	1965E	1963	1964	1965	1965
Asbestos Cement	Thous. ton	6.5	7.0	18.0	40.0	108	257	222	615
Concrete poles	Thous.	18.0	20.0	22.0	25.0	111	110	114	139

(3) Comparison between demand and production

Since there is unused production capacity in some branches of this industry, capacity can easily be adjusted to meet the increase in demand. Up until now production has been on a job basis and insufficient orders have resulted in discontinuities in production.

c. Foreign Trade

Domestic demand for asbestos cement pipes will be met by domestic production in 1965.

d. Investments

It is estimated that no large investments will be made in the cement products sector, and the present investments should be used to full capacity.

TABLE 127 — Estimates of Investments in Cement Products (Million TL.)

	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
Establishments	**1962**	**1963**	**1964**	**1965**	**1963**	**1964**	**1965**	**1965**
Public sector	—	—	11,400	—	—	—	—	—
Private sector	490	7,565	4,725	2,620	—	63	55	—
TOTAL	**490**	**7,565**	**16,125**	**2,620**	—	**214**	**16**	—

e. Measures

(1) The inclusion of cement products in specifications and projects of the public sector will be encouraged, taking into account the need to compare cement product costs with those of their alternatives.

(2) In the preparation of specifications for projects, the public sector shall use cement products always, however, taking into account the need for studying the costs of alternatives.

(3) Improvement in the use and production of light and porous cement construction materials will be encouraged.

3. Baked Clay Construction Materials, Glass and Glassware, Tiles and Porcelain Industries

a. General Situation

Although there is sufficient capacity to produce some of the major products of this sector, quality is generally not up to standard.

There is unused capacity in the glass and glassware industries. Nevertheless, meeting the domestic demand for glass and glassware products domestically and orienting it towards export are the major goals of the industry.

The production of tableware (excluding cutlery and plastic utensils) and of ornamental articles was 540 tons 1,985 tons in 1962 and 1963 respectively. Imports of these two products in the same years were 3,190 tons and 2,052 tons respectively. Thus, the total supply of tableware and ornamental articles in both years amounted to 7,764 tons. On the other hand, demand for these products over the same period was only 4,520 tons and considerable quantities of stock were accumulated.

The expected domestic production will be sufficient to meet domestic demand. Therefore the accumulated stocks can only be depleted by exporting the products in question.

The production of chrome bricks and chrome-magnesite bricks in 1963 was 3,515 tons. Imports will continue in 1965 because construction of the basic refractory materials plant which was expected to have started production in 1965 will not be completed in time.

Imports of window glass in 1963 were 3,021 tons. Because the domestic demand will be met by domestic production in 1964 and 1965 window glass will no longer be imported.

It is expected that over-productino of square-tiles will occur in 1964 and 1965. Fibre-glass felt, the raw materials of which are broken glass and bottles, is not yet produced in Turkey and imports of this product have been increasing with the development of cooling techniques. Development in the importation of fibre-glass felt ever the period 1960-1963 is shown in Table 128.

TABLE 128 — Imports of Glass-fibre Felt 1960-1963

Year	Quantity (Tons)	Value (Dollars)
1960	7	14,000
1961	55	50,000
1962	139	121,000
1963	203	336,000

Imports of glassware in general have also been increasing.

b. Demand and Production Estimates

(1) Estimates of domestic consumption for non-metallic products in 1965 compared with the previous years, are given in Table 129.

(2) Estimates of domestic production for the same years are given in Table 130 and production values in Table 131.

TABLE 129 — Estimates of Demand for Baked Clay Building Materials, Glass and Glassware, Pottery, Tiles and Porcelain

Products	Unit	Qantity				Percentage Changes (Chain Index)			General Index 1962 = 100
		1962	1963	1964	1965	1963	1964	1965	1965
BAKED CLAY PRODUCTS a/									
Building Bricks b/	Million	817.4	797.0	833.7	847.9	98	105	102	104
Tiles	"	140	150	155	160	107	103	103	114
Silica and Chamotte bricks	Tons	23,000	24,000	25,000	26,000	104	104	104	113
Magnesite and Chrome magnesite bricks	"	9,900	9,900	11,900	14,900	100	120	125	151c/
GLASS AND GLASSWARE									
Bottles	Tons	25,135	26,950	28,765	30,800	107	107	107	123
Glassware	"	12,630	13,044	14,494	16,357	103	111	113	130
Window glass	"	26,625	28,245	30,312	32,374	106	107	107	122
Medical glass ampoules	Billion	123.4	142.4	163.5	186.7	115	115	114	151
POTTERY AND CHINA PRODUCTS									
Table and ornamental ware	Tons	2,140	2,380	2,600	2,860	111	109	110	134
Sanitary ware	"	2,900	3,400	3,900	4,400	117	115	113	152
Square china products	"	6,100	6,400	6,700	7,100	105	105	106	117

a/ *Provisional figures relating to bricks and tiles were compiled in a study carried out in collaboration with the General Directorate of Building Materials and the Ministry of Construction and Resettlement*

b/ *Bricks produced in both factories and kilns are included*

c/ *With the completion of the Eregli Iron and Steel Factory demand is expected to increase*

TABLE 130 — Estimates of Domestic Production of Baked Clay Building Materials, Glass and Glassware, Pottery, Tiles and Porcelain

Products	Unit	Qantity				Percentage Changes (Chain Index)			General Index 1962 = 100
		1962	1963	1964	1965	1963	1964	1965	1965
BAKED CLAY PRODUCTS									
Building bricks a/	Million	817.4	797.4	833.7	847.8	98	105	102	104
Tiles	"	140	150	155	160	107	103	103	114
Silica and chamotte bricks	Tons	21,972	24,040	25,000	26,000	109	104	104	118
Magnesite and chrome magnesite bricks	"	—	—	—	—	—	—	—	—
GLASS AND GLASSWARE									
Bottles	Tons	17,941	16,191	18,000	20,000	90	111	111	111
Glassware	"	12,255.0	11,000	14,500	16,400	90	132	113	134
Window glass	"	22,126	20,993	30,000	32,400	95b/	143	108	146
Medical glass ampoules	Billion	115.5	135.0	163.0	186.0	117	121	114	161
POTTERY AND CHINA PRODUCTS									
Table and ornamental ware	Tons	540	2,000c/	2,900	3,100	370	145	106	574
Sanitary ware	Tons	1,560	2,400	2,800	3,000	154	117	107	192
Square china products	"	4,560	6,000	9,000	11,000	132	150	122	241

a/ *1963 production figures were based on figures of producers, while 1964 and 1965 figures were estimated from the difference in the production of the housing sector in these two years.*

b/ *Production decreased because of technical difficulties.*

c/ *This increase in production is accounted for by the operation of a new factory.*

TABLE 131 — Estimates of the Value of Domestic Production of Baked-clay Material, Glass and Glassware, Pottery, Tiles and Porcelain

Products	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
BAKED CLAY PRODUCTS								
Building bricks	65.4	63.8	66.7	67.8	98	105	102	104
Tiles	49.0	52.5	54.3	56.0	107	103	103	114
Silica and chamotte bricks	9.8	10.8	11.3	11.7	110	105	104	119
GLASS AND GLASSWARE								
Bottles	23.3	21.0	23.4	26.0	90	111	111	112
Glassware	36.7	33.0	43.5	49.2	90	132	113	134
Window glass	55.3	52.5	75.0	80.0	95	143	107	145
POTTERY AND CHINA PRODUCTS								
Table and ornamental ware	0.9	3.6	5.2	5.6	400	144	108	622
Sanitary ware	2.7	5.2	4.9	5.3	156	117	108	196
Square china products	6.2	8.1	12.2	14.9	131	151	122	240
Other	109.0	124.0	137.0	157.5	114	110	115	145
TOTAL	**358.3**	**373.5**	**433.5**	**474.0**	**104**	**116**	**109**	**132**

An examination of these two tables shows that imports of chrome bricks and chrome-magnesite bricks will continue and the demand for tableware and ornamental articles will be met domestically. However, in 1964 and 1965 a certain quantity of tableware will be imported by immigrants and those working abroad, as permitted by the decree of imports with waiver. Some sanitary ware will also be imported in 1965. With regard to square-tiles, a certain amount of surplus production will occur in the middle of 1965 with the completion of the Bozöyük ceramic factory. Therefore, new investments for creating additional capacity should not be made where there is already excess capacity in this or other branches of activity, except where export possibilities exist.

c. Foreign Trade Effect

Some products of this industry are still imported, whilst few of them have begun to be exported. In 1963, 7.3 tons of ceramic, 212.9 tons of window glass, 604.4 tons of other types of glass and 55 tons of glassware were exported. The total value of these exports amounted to TL. 4.161 million. It is expected that exports of these products will increase in 1964 and 1965 and that exports of square tiles will start in 1965.

Although the level of exports of the products of this sector are not high in terms of either quantity or value, production of these goods affects the balance of payments favourably through import substitution. This has already been demonstrated in that expenditures on imports of major products of the sector were TL. 48 million in 1963 as against TL. 70 million in 1962. Furthermore, the decrease in imports is expected to continue during 1964 and 1965. Despite the fact that some of the products of the sector are not included in import quotas and import liberalization lists, several other factors such as import parmits with waiver, immigrants' permits to import and touristic import permits have slowed down the decrease in imports.

Tableware, ornamental articles and square-tiles will not be imported and a decrease in imports of glassware is expected in 1965.

d. Estimates of investments

Estimates of investment are shown in Table 132.

TABLE 132 — Estimates of Investments in the Non-Metallic Products Industry

	1963		1964		1965	
Sector	Foreign	Total	Foreign	Total	Foreign	Total
Public	1.9	37.7	25.5	62.9	20	29.7
Private [a]		68.1		29	20	30
TOTAL		**105.8**		**91.9**	**40**	**59.7**

[a] *Based on the survey conducted by the State Planning Organization.*

Private sector investments in 1963 and 1961 were mainly in square tile and insulator production. On the other hand, Sümerbank's investments are in chrome brick and chrome-magnesite brick production and in improvements in the fire-bricks produced by the Filyos factory.

e. Measures

(1) Export possibilities of various products included in the 1963 and 1964 Annual Programmes will be investigated, the quality of products will be improved; programmed investments will be completed on time and the implementation of pas. measures will be continued in 1965.

(2) The possibility of producing fibre-glass will be studied and encouraged.

IRON, STEEL AND METALLURGICAL INDUSTRY

1. Present Situation

The year 1965 will occupy an important place in the growth of the iron and steel industry in Turkey. After the first months of 1965, the integrated Ereğli Factories will start production and at the same time the Karabük Factories will reach the envisaged expansion targets. With these new production facilities, therefore, almost the total domestic demand for iron and steel products will be met and export possibilities will even have to be sought for some semi-finished products. However, it is anticipated that the unused capacity in some branches of this sector, particularly in the private sector rolling mills, will continue to be a problem in 1965.

It is known that the Plan target for per capita consumption, i.e. 20.8 Kg., was exceeded in 1963. However, since changes in the stocks of private sector producers and of importers could not be closely checked, actual consumption increases could not be calculated exactly. It is anticipated that consumption in 1964 and 1965 will be 10 percent higher than the Plan estimates.

At the end of 1962, as a result of the third blast furnace of the Turkish Iron and Steel Works being put into operation, the pig iron capacity in Turkey was raised to 600,000 tons per annum. However, due to a slowing down of the second blast furnace, a defect in the third blast furnace and a slowing down of the first one in 1963 and 1964, production amounted to only 50 percent of the above mentioned capacity in 1963 and 70 percent in 1964.

In general, domestic prices of iron and steel products and semi-finished products remained constant in 1963 and 1964. However, in 1964 there were a number of speculative increases in the prices of some imported iron and steel products.

In the branch of copper and copper alloys, in 1963 and 1964 as in previous years, the total domestic demand, except for some specific products, was met by domestic production.

2. Demand and Production Estimates

a. Demand

Estimates of demand in the iron, steel and metallurgical sector for 1965 compared with previous years, are given in Table 133 for major products and in Table 134 for major semi-finished products.

TABLE 133 — Domestic Consumption and Demand Estimates for the End - Products of the Iron, Steel & Metallurgical Sector a/

(Thousand Tons/Year)

Main Products	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
TOTAL IRON & STEEL PRODUCTS	590.5	755.3	759.4	847.0	128	101	112	143
Rods	10.0E	239.9	230.0	254.0	126	96	110	134
Beams	63.2E	70.7	100.0	110.0	112	142	110	174
Railroad material	14.8	33.4	25.0	34.0	226	75	136	230
Plates	3.6	4.8	8.0	12.0	133	167	150	333
Sheets	60.9	91.3	80.9	88.9	150	89	110	146
Tinplate	46.9	61.9	50.0	55.1	132	81	110	118
Strips	11.8	12.6	10.5	12.0	107	83	114	102
Steel & tool steel	34.9	42.0E	42.3	46.6	120	101	110	134
Wires	38.7E	43.0E	46.2	50.8	111	107	110	131
Steel pipes	52.5	50.8	53.8	63.6	97	106	118	121
Cast iron pipes	22.0E	33.7	30.8	34.0	153	91	110	155
Pig iron casting	50.8E	70.0E	76.7	84.7	138	110	110	168
Others	1.2E	1.2E	1.3	1.3	100	108	100	108
TOTAL COPPER & COPPER ALLOY PRODUCTS b/	**19.8**	**22.6**	**22.8**	**25.1**	**114**	**101**	**110**	**127**
Bars, pipes	2.6	3.1	3.0	3.4	119	97	113	131
Wires	2.9	3.2	3.6	3.9	110	113	108	135
Plates and strips	14.3	16.3	16.2	17.8	114	99	110	125

a/ *In calculating the consumption of iron & steel products for 1962 and 1963, stocks in the public sector have been taken into account; stocks of establishments and merchants for domestic production and their imports are assumed to be almost equal while the stock of consumers have not been consideral. However, although not established exactly, it is estimated that there have been large increases in the stocks of private sector producers and of importers. Therefore, the total amount of iron & steel products amounting to 755,300 tons in 1963 was not fully consumed. Stock increases are included.*

b/ *Total amounts of copper & alloy products are based on the amount of blister copper given in Table 134.*

TABLE 134 — Domestic Consumption and Demand Estimates for Semi-Finished Products of the Iron, Steel & Metallurgical Sector

(Thousand Tons/Year)

Main Products	Amount 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962=100 1965
IRON & STEEL SEMI-FINISHED PRODUCTS:								
Pig iron	230.9	324.9	420.0	850.0	140	130	202	368
Crude steel	241.9	331.9	450.0	800.0	137	136	178	331
Billets	205.1	312.0	310.0	350.0	152	94	113	171
Sheet bars	20.9	34.1	40.0	44.0	163	117	110	211
Wire rods	43.2E	48.9E	47.0	53.0	113	96	113	123
Strips	33.1	42.1	58.0	80.0	127	138	138	242
COPPER & COPPER ALLOYS SEMI-FINISHED PRODUCTS:								
Blister copper	11.8	14.4	14.0	16.0	122	97	114	136
Electrolytic copper	4.5	5.2	6.5	7.5	116	125	115	168
Copper brass and bronze wedge	17.4E	19.2E	19.0	20.8	110	99	110	120

b. Production

Estimates of production in the iron, steel and metallurgical sector for 1965 compared with previous years, are given in Table 135 for finished products and in Table 136 for semi-finished products.

TABLE 135 — Domestic Production and Estimates for Iron, Steel & Metallurgical Sector

(Thousand Tons/Year)

Main Products	Amount 1962	1963	1964E	1965E	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962=100 1965
TOTAL IRON & STEEL PRODUCTS	**415.7**	**520.6**	**628.7**	**868.9**	**125**	**121**	**138**	**209**
Rods	170.0E	219.6	230.0	300.0	129	105	130	177
Beams	46.0	59.2	85.0	100.0	129	144	118	217
Railroad material	13.7	18.1	20.0	20.0	132	111	100	146

Table — 135 (Continued)

(Thousand Tons/Year)

Main Products	Amount 1962	 1963	 1964E	 1965E	Percentage Change (Chain index) 1963	 1964	 1965	General Index 1962 = 100 1965
Plates	3.5	5.0	3.0	12.0	143	60	400	343
Sheets	22.2	29.8	40.0	103.0	134	134	258	464
Tinplate	—	—	3.6	35.0	—	—	972	
Strips	—	—	—	12.0	—	—		
Steel & tool steel	27.0	34.8	38.3	46.6	129	110	122	173
Wires	38.0E	45.0E	46.2	50.0	118	103	108	132
Steel pipes	22.[illegible]	22.7	53.8	70.0	103	237	130	317
Cast iron pipes	22.[illegible]E	30.0E	30.8	34.0	136	103	110	155
Pig iron casting	50.0E	55.0E	76.7	85.0	110	139	111	170
Others	1.2E	1.2E	1.3	1.3	100	108	100	108
TOTAL COPPER & COPPER ALLOY PRODUCTS a/	**19.8**	**22.6**	**22.8**	**25.1**	**114**	**101**	**110**	**127**
Bars pipes	2.6	3.1	3.0	3.4	119	97	113	131
Wires	2.9	3.2	3.6	3.9	110	113	108	135
Plates and strips	14.3	16.3	16.2	17.8	114	99	110	124

a/ *Total amount of copper and copper alloy products is based on the amount of blister copper shown in Table 134*

TABLE 136 — Domestic Production and Estimates of Future Production of Semi-Finished Products of the Iron, Steel and Metallurgical Sector

(Thousand Tons/Year)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
Main Products	1962	1963	1964E	1965E	1963	1964	1965	1965
SEMI-FINISHED IRON & STEEL PRODUCTS								
Pig iron	230.9	301.2	420.0	950.0	130	139	226	411
Crude steel a/	241.9	331.2	450.0	900.0	137	136	200	372
Billets	197.7	229.1	310.0	380.0	121	130	123	192
Sheet bars	20.0	34.1	40.0	44.0	171	117	110	220
Strips				85.0		—	—	—
SEMI-FINISHED & COPPER ALLOYS								
Blister Copper	25.8	24.8	25.0	27.5	96	101	110	109
Electrolytic copper	4.5	5.2	6.5	7.5	116	125	115	167
Copper, brass and bronze wedge	[illegible]	[illegible]	[illegible]	[illegible]	110	99	110	120

a/ *Production of the Turkish Iron and Steel Works and the Ereğli Iron and Steel Factories*

Production values in the iron steel and metallurgical sector for 1965 compared with previous years are given in Table 137.

TABLE 137 — The Value of Domestic Production of the Iron, Steel and Metallurgical Sector

(Million TL.)

	Value				Percentage Changes (Chain Index)			General Index 1962=100
Main Products	1962	1963	1964	1965	1963	1964	1965	1965
Iron & steel	722.4	916.9	1,044.9	1,611.1	113	128	154	223
Copper & copper alloys	277.0	278.7	306.2	332.4	101	110	109	120
Other metals	35.0	46.6	76.6	83.6	133	164	109	239
TOTAL	**994.4**	**1,142.3**	**1,427.2**	**2,027.2**	**114**	**125**	**142**	**203**

In the iron and steel industry it is estimated that in 1965 Turkey will have a production capacity of 1,040,000 tons for iron and 1,222,700 tons for steel. In addition to the 1965 steel production given in Table 136, it is estimated that 100,000 tons of steel will be produced in furnaces which normally use scrap iron. Accordingly, 91.3 percent of the blast furnace (pig-iron) production capacity and 81.8 percent of the steel production capacity will be utilized in 1965. However, there will still be unused capacity in various rolling mills, particularly in the rolling mills of the private sector.

c. Demand and Production Comparison

As will be seen from Tables 133 and 135, large scale imports, particularly of flat rolled products, were made in 1962 and 1963 to meet the iron and steel demand in Turkey. Because of the defect in the third blast furnace of the Turkish Iron and Steel Works in 1963, there was a marked decrease in production. As a result, very high increases in imports occurred. It cannot be said that the consumption in 1963, which amounted to 755,300 tons, was in fact fully consumed. Despite the unavailability of exact figures, it is assumed that there were important increases in the stocks of private sector producers, importers and consumers in 1963. This stock accumulation is probably based on the feeling that imports are going to be prohibited and that consumption will be high in coming years.

Despite large increases in production in 1964, it is understood that a major share of flat-rolled products will still have to be imported in order to meet demand.

At the beginning of 1965, the iron and steel production of Turkey will be increased greatly by the commencement of production in the Ereğli Iron and Steel Works, T.A.Ş. and by the expansion of the Turkish Iron and Steel Works. If the production programmes are realized, it will be possible to export certain semi-finished iron and steel products. However, surplus production in some products will result in stock accumulations in 1965.

In the field of copper and copper alloys, in 1965 as in previous years, the entire demand will be met by domestic production except for certain products requiring special production techniques.

3. Foreign Trade Effect

a. Export Effect

Export possibilities for 1965 in the iron, steel and metallurgical sector compared with previous years are given in Table 138.

TABLE 138 — Exports from the Iron, Steel and Metallurgical Sector (Current Prices FOB)

(Thousand TL.)

Main Products	Value				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964E	1965E	1963	1964	1965	1965
SEMI-FINISHED IRON & STEEL PRODUCTS								
Pig	—	—	—	40,000	—	—	—	—
Booms and/or billets	—	—	—	42,500	—	—	—	—
TOTAL OF IRON & STEEL	**—**	**—**	**—**	**82,500**	**—**	**—**	**—**	**—**
SEMI-FINISHED COPPER PRODUCTS								
Blister	78,999	53,379	77,000	80,500	68	144	105	102
TOTAL SECTOR	**78,999**	**53,379**	**77,000**	**163,000**	**68**	**144**	**212**	**207**

As will be seen from Table 138, a constant and most important export product of this sector is blister copper. Since world copper production is unable to meet increases in demand, world copper prices are continually rising. However, there have been no important increases in the blister copper exports from Turkey. The static rate of production, coupled with increases in domestic consumption, limit exports in this field. World copper prices have increased rapidly during 1964 and since April have reached TL. 300 per ton. Under the circumstances, in addition to increases in world copper prices, the possibility exists for developing exports by increasing blister copper production faster than domestic consumption.

It is estimated that some semi-finished iron and steel products, such as pig iron, rods and/or booms, could be exported in 1965. However, this export possibility depends on the results of experimental operations in the new factories of Ereğli and Karabük.

b) Import Effect

(1) Direct Effect

The amount of iron and steel products and semi-finished products that will have to be imported in 1965, compared with previous years are given in Table 139. As will be seen from the table, the import requirements of this sector will decrease considerably in 1965.

Almost the total demand for iron and steel products will be met by domestic production in 1965. The import substitution obtained by production increases is given in Table 140.

(2) Indirect Effect

The products of the iron, steel and metallurgical sector are the main raw materials for the industrial construction and transportation sectors. Thus, they have a strong influence on economic development.

Targets have been established in the Development Plan to encourage rapid growth in the sectors of industry, construction and transportation. Attainment of these goals will be possible if these sectors can obtain raw materials easily and at a reasonable price level. Therefore, the production increases expected in 1965 as a result of large increases in capacity in the iron, steel and metallurgical sector, will create possibilities for import substitution in other industrial fields.

TABLE 139 Imports in the Iron, Steel and Metallurgical Sector

(Current Prices CIF)
(Thousand TL.)

Main Products	Value 1962	Value 1963	Value 1964E	Value 1965E	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962 = 100 1965
SEMI - FINISHED IRON AND STEEL PRODUCTS (TOTAL)	**59,146**	**123,301**	**78,900**	—	**208**	**59**	—	—
Pig iron	4,876	10,833			222			
Booms	5,00[illegible]	47,969			295			
Sheet Bar	935							
Wire rods	16,728	23,871	20,900		143	88		
Strips	31,600	38,628	58,000		122	150		
IRON AND STEEL END PRODUCTS (TOTAL)	**274,239**	**330,387**	**186,040**	**67,360**	**121**	**56**	**36**	**25**
Rods	5,136	14,533			283			
Beams	13,273	17,786	15,000	10,000	134	84	67	75
Railroad material	2,505	28,533	9,000	25,200	114	32	280	1,006
Plates	402	1,849	6,500		460	352		
Sheets	66,27[illegible]	67,360	56,700		102	84		
Tinplates	76,782	100,075	74,240	32,160	130	74	43	42
Strips	19,062	15,065	12,600	—	79	84	—	—
Steel and tool steel	23,004	20,317	12,000	—	88	59	—	—
Wires	1,659	1,998	—	—	120	—	—	—

TABLE 139 — (Continued) Imports in the Iron, Steel and Metallurgical Sector

(Current Prices CIF)
(Thousand TL.)

Main Products	Value 1962	 1963	 1964E	 1965E	Percentage Changes (Chain Index) 1963	 1964	 1965	General Index 1962=100 1965
Steel pipes	63,688	57,926	—	—	91	—	—	—
Cast iron pipes	1,853	1,418	—	—	77	—	—	—
Others	—	—	—	—				
TOTAL FINISHED AND SEMI - FINISHED IRON AND STEEL PRODUCTS	**333,385**	**453,688**	**264,940**	**67,360**	**136**	**58**	**25**	**20**
OTHER METALLURGICAL PRODUCTS (TOTAL)	**86,248**	**60,118**	**66,500**	**75,500**	**70**	**111**	**114**	**88**
End products of copper and copper allovs	2,226	1,834	2,000	1,500	82	109	75	67
Aluminium finished and semi finished	28,468	22,263	25,000	30,000	58	112	120	78
Nickel products	1,607	2,028	2,000	2,000	126	99	100	124
Lead products	4,292	4,561	5,000	6,000	106	110	120	140
Zinc products	15,325	15,053	15,000	15,000	98	100	100	98
Tinplate products	21,128	11,401	15,000	18,000	54	132	120	85
Other metal products	3,202	2,942	2,500	3,000	92	85	120	94
GRAND TOTAL	119,633	613,806	331,440	142,860	122	65	43	34

TABLE 140 — Expected Import Substitution in 1965 from Additional Production in Iron and Steel Industry

Main Products	Production (Thousand Tons/Year)	CIF Amount (Thousand $)
TURKISH IRON & STEEL WORKS (TOTAL)	**100**	**9,600**
Rolled products	70	8,400
Pig	30	1,200
EREĞLİ IRON & STEEL WORKS (TOTAL)	**270**	**28,750**
Plates	30	3,900
Sheets	55	8,250
Tinplate	25	5,100
Pipe strips	60	6,000
Pig	50	2,000
Booms	50	3,500
GRAND TOTAL	**370**	**38,350**

4. Investment Estimates

Investment estimates in the iron, steel and metallurgical sector for 1965 compared with previous years, are given in Table 141.

TABLE 141 — Investment Estimates in Iron, Steel and Metalurgical Sector

(1963 Prices)
(Million TL.)

Establishments	Value[a]					Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964	1965		1963	1964	1965	1965
				Foreign Exchange	Total				
PUBLIC SECTOR (TOTAL)	184.7	154.2	185.2	58.0	174.7	83	120	54	94
PRIVATE SECTOR (TOTAL)	773.9	1,000.5	655.9	48.3	150.0	129	66	23	19
GRAND TOTAL	958.6	1,154.7	841.3	106.3	324.7	120	73	38	34

[a] *Realized investment figures for 1962 and 1963, Programme figures for 1964 and 1965*

5. Measures

The unit prices for blister copper in world markets is rapidly increasing. Blister copper is a most important export commodity of the iron, steel and metallurgical sector and of Turkey. Reduction of the amount of copper used in the production of household utensils on the one hand, and rapid increases in blister copper production on the other may ensure the growth of copper exports. For this purpose, the following measures will be implemented by June 1965.

a. Research on the possibility of reducing the amount of copper used in the production of household utensils will be made by the Ministry of Industry.

b. The General Directorate of Etibank will conduct research in the possibility of increasing blister copper production rapidly

METAL PRODUCTS INDUSTRY

1. General Situation

a. The metal industry has developed well in Turkey. Therefore, the major part of the demand for metal products can be met by local manufacturing. Taking into account the developments in the Plan, it has been foreseen that importation of the products which are, or could be, domestically manufactured can be stopped.

Production capacity of the industry in certain fields exceeds requirements and advantage should be taken of this excess capacity for export.

b. It is estimated that metal production will amount to TL. 1.125 billion and TL. 1.340 billion in 1963 and 1,964 respectively. Available information shows that in 1963, production in this sector was TL. 1.418 billion. In relation to the production of 1962, there was an increase of 10.4 percent. It is estimated that this development will continue in 1964.

In 1963, TL. 94 million was invested by the private sector in this field. In 1964 an investment of TL. 82 million is expected. In 1963, TL. 32.412 million was invested in the metal products industry by the public sector. This was 66.5 percent of the programmed value.

2. Demand and Production Estimates :

a. Demand

Estimates of the demand for the products of the metal manufacturing sector for 1965 in comparison with previous years are indicated in Table 142.

TABLE 142 Demand and Production Estimates of Metal Products Manufacturing Sector (Current Prices)

	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
Demand of metal products	[illegible]	[illegible]	[illegible]	2.160	[illegible]	110	112	144
[illegible]	[illegible]	[illegible]	[illegible]	2.020	110	118	121	151
[illegible]	[illegible]	[illegible]	162	85	123	78	53	51

b. Production :

Estimates of the production of this sector are shown in Table 142.

c. Comparison of Demand and Production :

Although there is an excess capacity in the metal products manufacturing industry, a large number of products that could locally be manufactured are being imported. Steel grates, pre-fabricated buildings, bins, bolts, nuts and parts of buildings in particular, continue to be imported although these could be locally manufactured in sufficient quantities to meet demand.

3. Foreign Trade Effect :

a. Export Effect :

Of the products manufactured in the metal products industry, ammunition in particular, is being exported. Apart from ammunition exports to the value of TL. 490,000 in 1962 and TL. 539,000 in 1963 it is estimated that exports will amount to TL. 700,000 in 1965.

b. Import Effect :

Import estimates for this sector are shown in Table 143. In the 1965 estimates it is assumed that there will be a full implemention of the principle of not importing those products that can, in adequate quantity and quality, be manufactured locally.

Foreign payment requirements amount to TL. 30 million due to imports necessitated by the sector investments.

TABLE 143 — Metal Products Industry **(Thousand TL.)**

Import Estimates of 1962 - 1965

(Current Prices)

Items	Value			
	1962	1963	1964E	1965E
Pre-fabricated buildings and parts	48,912	82,755	46,140	—
Tins	3,045	753	3,620	—
Casks and barrels	69	142	10	—
Iron and steel containers	6,350	4,134	5,870	4,100
Iron and steel strands	6,776	6,370	6,430	6,500
Wires	—	—	—	—
Metallized textiles	776	1,021	3,000	2,000
Expanded metal	9	8	30	—
Chains	4,285	3,018	1,320	1,000
Hoes	19	11	50	—
Nails	4,869	4,687	3,025	1,935
Screws, bolts, nuts	5,525	14,924	8,680	270
Sewing needles	949	1,156	1,230	1,300
Pins and safety pins	465	462	40	90
Hairsprings and springs	3,171	3,390	4,110	4,500
Stoves	260	305	3,090	—
Central heating boilers and pipes	1,465	697	760	—
Kitchenware, health apparatus	400	1,319	2,630	1,500
Iron and steel wool		7	—	—
Other iron products	2,899	2,443	1,000	500
Copper tins	—	33	—	—
Copper strands	165	35	10	—
Copper wire products	290	321	230	200
Copper drains	28	5	—	—
Copper nails	21	9	—	—
Copper bolts	129	255	340	—
Copper springs	11	25	—	—
ers and stoves	227	364	5	—
Copper houseware		4	—	—
Other copper ware	600	713	800	500
Aluminum, assembled building and parts	654	1,298	2,500	—
Aluminum strands	5,959	12,251	16,900	18,000
Aluminum wire textiles	23	24	24	25
Aluminum expanded metal		4,557	—	—
Aluminum houseware	50	25	8	—
Aluminum screws and other products	212	563	350	350
screws, nuts and bolts	9	9	9	9
Axes, shovels, pickles and rakes	3,877	4,445	2,000	2,000
[illegible]	5,349	6,030	5,640	4,000
d equipment	13,781	11,054	11,675	12,000
es, welding machinery	7,288	7,403	9,950	8,500
ing machines	7,585	9,287	6,090	—
Machine knives	5,192	2,796	2,650	2,600

TABLE 143 — (Cont') Metal Products Industry
Import Estimates of 1962 - 1965

(Thousand TL.)
(Current prices)

Items	1962	1963	1964E	1965E
	Value			
Plates and rods for equipment	2,479	1,183	—	—
Mills	—	20	—	—
Knives	50	27	150	—
Knife blades	383	334	270	200
Razor blades and sets	2,772	2,354	750	150
Scissors	1,763	1,691	400	100
Toilet articles	1,491	1,512	700	675
Forks, spoons and knives	23	4	10	—
Locks	490	1,463	1,460	500
Accessories and fittings	1,352	2,086	2,090	
Safes	384	7		—
Office equipment	40	1	30	
File covers	149	376	210	—
Lamps	2,954	3,750	2,200	2,750
Malleable pipes	445	456	630	700
Zippers	1,230	1,335	1,260	1,350
Frames	2	—		
Plugs	67	47		
Plates and signs	147	268	270	—
Welding electrodes	1,643	1,529	1,660	540
TOTAL	**159,553**	**208,271**	**160,286**	**86,344**
Chain Index		131	78	53

4. Investment Estimates :

Investment estimates of the metal products manufacturing industry are shown in Table 144.

TABLE 144 — Estimates of Investment of the Metal Products Manufacturing Sector

(Million TL

Establishments	1963	1964	1965	1964	1965
	Value			Percentage Changes (Chain Index)	
Public sector	32.4	28.7	28.5	89	99
Private sector	93.8	81.8	65.0	87	79
TOTAL	**126.2**	**110.5**	**93.5**	**88**	**85**

Investment by the private sector exceeds the values foreseen in the Plan. In the Plan, stress has been laid on investment in import substituting activities in this industry. It has been accepted that the excess capacity in existing enterprises should be utilized and investment in work similar to successful enterprises should not be encouraged. Among the investments indicated in Table 144, investments related to machinery manufacturing can be found.

Because the manufacturing of goods which are classified in both sectors is carried out in the same establishments, investments could not (according to available information) be allocated specifically to one sector or the other.

6. Measures :

The possibilities of obtaining the fullest benefit from the production of establishments belonging to the Machinery and Chemical Industry Corporation will be taken into consideration when determining the ways and means of directing this production towards exports. The production programme of the institution for 1965 will be developed accordingly.

MACHINERY INDUSTRY

(Excluding Electrical Machinery)

1. General Situation :

a. In the Development Plan emphasis has been laid on the production of investment goods while the rapid development of the machinery industry sector has been planned.

Studies made in this subject indicate that it is possible to establish in Turkey a great number of the plants and factories necessitated by the new investment projects.

It is known that a large capacity for machinery production exists in Turkey but full use of this capacity has not yet been made.

It has been observed that costs will be reduced only if custom manufacturing and mass production can be increased. To increase the domestic rate of manufacture of spare parts for goods that are being produced by local assembly, will help attain the same result.

b. It was estimated in the 1963 Programme, that machinery production could be TL. 392,400 million and TL. 600,700 million in the 1964 Programme.

An examination of available information shows that production in 1963 was worth TL. 412 million. This was an increase of 64.8 percent over 1962. The development in the production of durable consumer goods was on a particularly high level and it is estimated that this development is continuing in 1964.

In 1963 and 1964 in the machinery manufacturing industry it was possible to obtain increased production by making use of excess capacity rather than by making larger investments.

2. Demand and Production :

a. Demand :

Estimates of the demand in 1965 for capital goods of the machinery manufacturing sector compared with the past years are shown in Table 145.

TABLE 145 — Domestic Demand Estimates of Machinery Manufacturing Sector

(Million TL.)

Items	1962	1963	1964	1965
Steam boilers and equipment	19.4	26.0	28.6	31.0
Gas ranges	1.8	2.6	11.0	5.0
Steam engines and parts	3.0	3.4	3.4	3.4
Internal combustion engine parts	13.0	245.2	300.0	330.0
Hydraulic turbines	1.5	7.0	30.0	11.0
Gas turbines	0.8	1.0	1.2	1.3
Road cylinders	0.6	0.6	0.6	0.6
Pumps	40.0	68.2	75.0	83.0
Air and vacuum pumps, fans	38.0	45.5	50.0	55.0
Cooling equipment	9.6	14.0	13.0	15.0
Boilers	7.0	15.0	20.0	25.0
Industrial furnaces	151.0	10.2	24.0	15.0
Refrigerators and parts	—	165.0	215.0	240.0
Heat exchangers	24.0	27.0	24.5	21.0
Food processing machines	57.0	63.3	75.0	85.0
Scales	4.4	4.9	6.0	6.6
Pulverizers	22.5	22.9	25.0	27.0
Lifting and loading machinery	94.0	73.3	110.0	120.0
Road construction equipment	116.0	129.9	130.0	140.0
Paper machines	73.0	16.5	6.0	78.0
Printing machines	19.4	28.2	40.0	33.0
Textile industry machines	110.0	184.6	130.0	110.0
Washing machines	50.0	58.2	60.0	66.0
Sewing machines	46.4	56.7	60.0	66.0
Shoe machines	4.3	6.0	6.6	7.3
Foundry equipment	37.0	52.5	40.0	44.0
Rollers and rolling mills	57.0	38.0	75.0	75.0
Machine tools	60.0	53.3	75.0	75.0
Glass working machines	5.2	6.2	2.0	2.0
Wood working machines	13.0	13.3	13.5	13.5
Pneumatic motors, hand operated	4.3	8.9	4.5	5.0
Welding machinery	2.5	2.6	2.6	2.8
Office equipment	30.5	35.4	56.0	66.0
Mining and soil preparing machines	52.5	47.5	55.0	60.0
Other machines	59.0	520.0	410.0	380.0
Special moulds	11.0	11.0	22.0	23.0
Valves and vanes	25.0	29.4	35.0	39.0
Ball bearings	40.0	43.0	46.0	50.0

TABLE 145 — (Continued)

(Million TL)

Items	1962	1963	1964	1965
Joints	8.4	9.4	10.3	12.[illegible]
Transmission and gear boxes	20.0	51.0	85.0	110.[illegible]
Medical and sanitary equipment	33.0	33.0	36.3	40.[illegible]
Water and gas metres	8.5	9.5	10.9	12.[illegible]
TOTAL	**1,573.6**	**2,239.2**	**2,414.0**	**2,585.0**
Chain Index	100.0	142	108	10[illegible]
Machinery manufacturing sector, spare parts demand	510.0	620.0	702.0	800

b. Production :

Production estimates of the machinery manufacturing sector for 1965 in comparison with previous years are shown in Table 146.

c. Comparison of Production and Demand :

In the machinery manufacturing sector, domestic consumption is met largely by imports. In 1963, 83 percent of the demand was met by imports. It is estimated that in 1964 this ratio will be 79 percent and in 1965, 66 percent.

In 1963, due to the importation of some products which could have been manufactured domestically and the importation of machinery and equipment by the Ereğli Iron and Steel Factories, there was excessive importation in this sector. Spare parts in particular which are used in the assembly industry form a proportion of this excessive importation.

The effects of the measures taken to secure domestic production of some spare parts used in this industry will be felt in 1965 and will encourage considerably manufacturing in this sector.

TABLE 146 — Estimates of Domestic Production of the Machinery Manufacturing Sector

(Million TL)

Items	Value 1963	Value 1964	Value 1965
Steam boilers and equipment		5.0	15.0
Steam engine parts			
Internal combustion engines	2.2	[illegible]	25
Hydraulic turbines	0.4	[illegible]	2.0
Pumps	11.2	13.0	30.0
Fans		6.0	7.5
Cooling equipment		4.0	5.0

TABLE 146 — (Continued) (Million TL.)

Items	Value		
	1963	1964	1965
Boilers and automatic furnaces	..	10.0	15.0
Industrial furnaces	..	5.0	7.0
Refrigerators and similar equipment	163.3	215.0	240.0
Heat exchangers	..	10.0	13.5
Food processing machines	16.3	20.0	28.0
Scales	3.3	5.0	5.5
Pulverizers	3.9	15.0	27.0
Lifting and loading machines	3.3	20.0	40.0
Construction equipment	2.2	3.0	3.3
Textile machinery	4.6	6.0	7.0
Washing machines	58.2	60.0	65.0
Sewing machines	43.0	55.0	60.0
Steel mill and foundry equipment	..	3.0	30.0
Rolling mills	..	2.0	6.0
Machine tools	1.3	7.0	15.0
Wood working machines	6.0	7.0	9.0
Welding machinery	0.4	0.5	0.6
Office equipment	8.8	10.0	12.0
Mining and soil preparing machines	..	20.0	30.0
Valves and vanes	..	15.0	24.0
Transmission and gear boxes	..	7.5	20.0
Joints	..	1.0	4.0
Medical and sanitary equipment	..	2.0	3.0
Water and gas metres	8.1	10.0	13.0
Gins	0.7	3.0	4.0
Other machines	41.2	50.0	55.0
Supplies and spare parts	14.6	20.0	30.0
TOTAL	**393.0**	**621.0**	**852.4**
Chain Index	157	158	137

3. Foreign Trade Effects :

a. Export Effect :

It is estimated that in 1965, it will be possible to export such goods as refrigerators, washing machines and gins. However, no estimate of the amount and value of exports has been made.

b. Import Effect :

(1) Direct Effects

A breakdown of imports of machinery by items is shown in Table 147. The imports of this sector, which consist largely of investment goods, was over $ 100 million in 1962 and 1963. Although, this amount is expected to be reduced by import substitution, it is estimated that in 1965 over $ 100 million worth of imports will have to be made.

(2) Indirect Effects :

Foreign currency required for investments in the machinery manufacturing sector amounted to TL. 67 million.

TABLE 147 — Imports of Machinery

(C. I. F.)
(Million TL.)

Items	1962	1963	1964	1965
Steam boilers	12.0	13.5	15.3	10.4
Gas ranges	1.2	1.6	0.8	1.0
Steam engines & parts	0.7	0.9	0.9	0.9
Engines	136.7	155.0	194.0	214.0
Hydraulic turbines	1.0	4.6	20.0	5.8
Gas turbines	0.5	0.6	0.7	0.8
Road cylinders	0.4	0.5	0.5	0.5
Pumps	28.9	37.5	40.0	34.0
Air, vacuum pumps, fans and compressors	17.3	19.9	23.6	25.9
Cooling equipment	5.1	7.2	5.8	6.5
Furnaces	4.5	7.2	7.2	1.3
Industrial furnaces	98.4	4.8	14.0	5.0
Refrigerators and parts	37.5	43.1	40.0	30.0
Heat exchangers	13.0	14.4	15.0	10.0
Food processing machines	28.9	36.2	33.0	37.0
Scales	1.6	1.0	0.7	0.7
Pulverizers	14.6	12.4	16.0	—
Lifting machines	60.9	45.3	60.0	32.5
Road and construction equipment	75.0	77.5	83.0	89.0
Paper processing machines	47.5	10.5	4.0	51.0
Printing machines	12.6	18.4	20.0	26.0
Textile machinery	71.5	118.5	85.0	60.0
Washing machines	—	1.3	2.0	—
Sewing machines and parts	19.3	24.5	20.0	22.0
Shoe processing machines	2.7	3.9	4.3	4.8
Foundry equipment	23.9	34.0	24.0	9.0
Presses, rolling mills	36.4	24.7	50.0	32.0
Machine tools	42.8	40.9	50.0	40.0
Glass working machines	3.4	4.0	1.0	1.0

TABLE 147 — (Continued)

(C. I. F.)
(Million TL.)

Items	1962	1963	1964	1965
Wood working machines	8.5	4.7	2.0	2.0
Pneumatic hand tools	2.8	5.8	3.0	3.2
Welding machines	1.4	1.0	1.4	1.4
Office equipment	23.9	20.7	30.0	35.0
Mining and soil preparing machines	29.0	24.4	22.8	19.6
Other machines	39.4	340.9	240.0	150.0
Special moulds	7.1	7.2	14.0	15.0
Valves and vanes	13.0	12.6	15.0	15.0
Ball bearings	26.2	28.1	30.0	32.5
Transmission and gear boxes	12.0	33.0	50.0	60.0
Joints	4.8	5.5	6.2	5.0
Medical and sanitary equipment	3.1	3.2	3.5	4.0
Water and gas metres	2.9	1.6	3.0	3.3
TOTAL	**972.4**	**1,252.6**	**1,251.7**	**1,097.6**
Chain Index	100	129	100	88

4. Investment Estimates :

Estimates of investments in the machinery manufacturing industry are shown in Table 148.

TABLE 148 — Investment Estimates of Machinery Manufacturing Sector (Million TL.)

Establishments	Value 1963	Value 1964	Value 1965	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965
Public sector	12.9	26.8	31.9	207	119
Private sector	9.8	13.0	100.0	133	770
TOTAL	**22.7**	**39.8**	**131.9**	**176**	**331**

Investments made in 1963 and 1964 in the machinery manufacturing sector were lower than those foreseen in the Plan. This was because the necessary incentives were not created, excess capacity was used, while the level of public sector investments was exceedingly low. As the investments of the metal products manufacturing sector are used for machinery manufacturing the investments of these two sectors should be considered together.

5. Measures :

a. The regulations governing the assembly industry will be extended to cover goods such as sewings machines, internal combustion engines, pumps, etc. and similar products.

b. The public establishment mentioned below in Paragraph 1, will by the end of March 1965, have completed a study on the subject of the manufacture of the goods in which it is interested and it will submit the results to the State Planning Organization. This subject is to be examined by the private sector in the same period; notice of investment intentions and of investments which will actually have been started by June 1965 will be given to the State Planning Organization. The State Planning Organization will evaluate these investment plans in the preparation of the 1966 public sector investment programmes, bearing in mind the principle of balanced capacity.

(1) The manufacture of the following products will be considered by the Machinery and Chemical Industry Corporation; diesel and petrol motors, pumps and liquid elevators, industrial furnaces, presses and rolling mills, lifting machines, road and construction equipment, road rollers, milling equipment, food processing machines, textile industry machines, steel mill and foundry machinery and equipment, pneumatic hand tools, soil preparing machines, moulds, transmission parts and gear boxes. In addition, this organization will examine the possibilities of manufacturing chrome, cadmium plated and other varieties of plated units, bolts and screws.

(2) The establishment of sugar refineries in foreign countries by Turkish Sugar Refineries A. C. and the exportation of machinery and equipment for these factories will be considered.

AGRICULTURAL IMPLEMENTS AND MACHINERY INDUSTRY

1. General Situation :

In the Development Plan, a change-over from extensive to intensive farming is foreseen. One of the necessary conditions for intensive farming is the raising to an efficient level of the type and quality of agricultural implements and machinery. Studies made to date on this subject have not been adequate, although no difficulties have been encountered from the viewpoint of technical information or existing manufacturing conditions in Turkey.

In 1963, 8,640 tractors were assembled and 2,639 were imported by the three existing tractor assembly plants. 9,279 of these tractors have been sold and the remaining 2,000 have been put into stock.

The fact that 1963 was a very good crop year, has improved the purchasing power of agriculturalists considerably. In the same year, particularly in tractor assembling, a rapid rate of increase was observed in the manufacture of various types of agricultural implements and machinery. Nevertheless, the necessary quantity of equipment required for intensive farming has not been manufactured. Studies in conformity with the development targets on the rate of increase in foreign savings due to the local assembly of tractors, have been inadequate. In 1963, there was an increase of foreign exchange savings of 38 percent on 13 percent of assembled tractors, and the exchange savings for the remaining assembled tractors varied between 8.5 and 15 percent.

It is estimated that in 1964 and 1965 a sufficient number of tractors will be assembled to meet the demands of the Development Plan. However, it is possible that the manufacture of other agricultural implements and machinery which are used with tractor equipment, and which are required for intensive farming, will not be achieved due to the lack of demand.

The total capacity of the three tractor assembling establishments in Turkey in 1963 was 11,500.

2. Demand and Production Estimates :

a. Demand :

Estimates of the internal demand for basic goods for 1965, in comparison with the past years in the manufacture of agricultural implements and machinery a/ is shown in Table 149.

b. Production :

Estimates of the 1965 domestic production of agricultural implements and machinery compared with the past years are shown in Table 150.

The total capacity for 1965 of the three establishments which assemble tractors is, as already stated 11,500 per annum. It is estimated that in 1965, 7,000 tractors will be assembled and thus 60 percent of the capacity will be utilized.

Moreover, with the present production capacity, all agricultural implements and machinery, excluding combines, can be manufactured in conformity with the Plan targets in adequate quantities and without creating new capacity.

---

a/ *In estimating the demand, the requirements of the agricultural sector and the annual amounts that can be bought by farmers has been taken into account. Estimates of tractor and equipment requirements were found by taking as a starting point the relationship between tractors and equipment required for advanced farming.*

TABLE 149 — Estimates of Domestic Basic Products of Agricultural Implements and Machinery Manufacturing Industry (Unit)

Basic Goods	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
Tractors	4,143	9,279	6,000	7,000	223	65	117	170
Tractor drawn ploughs	4,173	4,705	3,000	4,000	113	64	113	96
" " cultivators	..	243	2,000	2,000	—	823	100	—
" " rakes	—	30	5,000	5,000	—	16,711	100	—
" " drills	..	100	750	750	—	7,500	100	—
" " harrows	215	165	1,700	1,700	76	1,030	100	791
Hoeing machines	121	120	1,300	1,300	100	1,083	100	1,083
Combines	74	374	650	650	505	174	100	878
Tractor drawn ploughs	450E	710	1,500	1,500	158	211	100	333
Selectors	350E	303	1,000	1,200	87	330	120	343
Tractor drawn trailers	2,400E	2,939	2,700	2,700	122	92	100	113
Animal drawn ploughs	11,164	9,522	20,000	30,000	85	210	150	269
" " grain drills	405E	579	2,000	13,000	143	345	650	3,210
" " cotton seed drills	700E	559	2,500	2,500	80	447	100	357
" " cultivators	300E	422	1,500	2,000	141	355	133	667
Fanning mills	228	417	500	750	183	120	150	329
Animal drawn grass cutting machines	..	174	200	300	—	115	150	—
Rakes	10,000	9,809	20,000	20,000	98	204	150	300
Disc-harrows	101	870	1,200	1,400	861	138	117	1,386
Beet-hoes	20,000E	19,016	20,000	20,000	95	105	100	100
Pulverizers, dusters	15,000E	17,754	20,000	20,000	118	113	100	133
Agricultural vehicles	1,018	2,389	2,000	2,500	235	84	125	240
Disc ploughs	12,833	13,835	15,000	20,000	108	108	133	156

TABLE 150 — Estimates of Domestic Production of Basic Products of the Agricultural Implements and Machinery Industry a/ (Units)

Basic Goods	Amount				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964	1965	1963	1964	1965	1965
Tractors	2,574	8,640	6,000	7,000	336	69	117	272
Tractors drawn ploughs	1,588	3,999	3,000	4,000	257	75	133	257
" " cultivators	—	—	..	..	—	—	—	—
" " rakes	—	—	..	..	—	—	—	—
" " rollers	22	100	..	..	455	—	—	—
" " drills	200	288	..	..	144	—	—	—
" " harrows	—	100	..	..	—	—	—	—
Combines	—	—	..	500	—		—	—
Tractor drawn threshers	500E	725	1,500	1,500	145	207	100	300
Selectors	380E	491	1,000	1,200	130	263	120	316
Tractor drawn trailers	412	3 140	2,700	2,700	130	86	100	312
Animal drawn ploughs	12,232	10 754	20,000	30,000	88	186	150	245
" " grain drills	416	684	2,000	13,000	164	252	650	3,125
" " cotton seed drills	750E	593	2,500	2,500	79	422	100	333
" " cultivators	300E	503	1,500	2 000	168	238	133	667
Fanning mills	226	425	500	750	180	118	150	318
Animal drawn grass cutters		179	200	300	—	112	150	—
Rakes	—	32 218	20,000	30,000	—	62	150	—
Disc - harrows	—	930	1,200	1,400	—	129	117	—
Beet - hoes	30 000E	72 136	20,000	20,000	240	277	100	67
Agricultural vehicles	15,000	25 590	20 000	20,000	171	78	100	133
Pulverizers, dusters	1,018	2,785	2,000	2,500	118	72	125	246
Disc ploughs	10,000E	15,545	15,000	20,000	155	96	133	200

a/ *In estimating production, demand estimates have been taken into account, assuming adequate manufacturing possibilities. However, because the production of certain tractor equipment will depend on the creation of demand, which is different from the development of demand, estimates could not be made on this subject.*

The value of the production of the agricultural implements and machinery manufacturing industry for 1965 in comparison with past years, is shown in Table 151.

TABLE 151 — **The Value of Domestic Production of the Agricultural Implements and Machinery Manufacturing Industry**

(Million TL.)

	Value				Percentage Changes (Chain Index)			General Index 1962 = 100
Basic Items	1962	1963	1964	1965	1963	1964	1965	1965
Tractor	90	300	210	246	333	70	117	272
Tractor equipment	48	82	114	119	171	139	104	248
Combines				65			—	—
Other agricultural implements and machines	17	48	28	41	282	53	146	241
TOTAL	**155**	**430**	**352**	**465**	**277**	**82**	**132**	**300**

c. Comparison between Demand and Production:

Agricultural implements and machines are generally rough, simple products which with present day techniques do not require great manufacturing skill. Their production, therefore, depends on the creation of demand rather than on the establishment of an industry.

The purchasing power of the farmer, which varies according to weather conditions, and which also dictates his use of various types of agricultural implements and machinery, considerably affects the development of demand. The reorganization of selling agencies and credit policy, will help to create the balanced increase that is required by an advanced agricultural community.

As seen in Tables 149 and 150, in 1963 a great increase occurred in the demand for agricultural implements and machines. The increase in demand was met largely by increases in domestic production and partly by imports.

The production of tractors which is the most important and difficult of all agricultural implements and machinery manufacturing was 8.640 in 1963 thus exceeding the Plan estimates by 44 percent.

Moreover, bearing in mind that in 1963, 2,639 tractors were imported, it may be concluded that the tractor demand in Turkey has developed. However, it has been observed that the amount of auxiliary equipment required for the increased number of tractors could not be produced and supplied to the farmers in adequate quantities. The demand for combines could not be met in 1963 either, because combines were not imported and local manufacturing had not yet begun.

3. Foreign Trade Effect :

a. Import Effect :

Estimates of imports of agricultural implements and machinery in 1965, compared with the past years, are shown in Table 152

The table shows that in 1965 only a small variety of these products will have to be imported and a considerable decrease in imports is expected

Outside of the import values shown in Table 152, for the tractor assembling establishments, the following quotas have been allocated $5,000,000 in 1962, $4,000,000 in 1963, and $3,500,000 in 1964.

TABLE 152 — Agricultural Implements and Machinery Import Effect

C.I.F
Current Prices
(Thousand TL

Basic Products of the Sector	Value 1962	Value 1963	Value 1964	Value 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962 100 1965
Tractors	28,586	37,063	18,000	—	121	47		
Tractor drawn ploughs	2,566	660	100		26	[illegible]		
Cultivators, disc-harrows	184	662	500		76	[illegible]		
Straw machines	87		—					
Threshers	317	331	200	100	104	60		
Drills	101	392	100		388	[illegible]		
Combines	4,787	20,402	30,000	20,000a/	426	147	[illegible]	[illegible]
Mowers	70	126	100		180	79		
Sifting machines	394	1,169	200	—	297	[illegible]		
Spare parts	1,908	4,256	6,000	5,000	223	141	83	[illegible]
Mower-binders	—	20	3,000			15,000		
Ploughs	4	3,627	3,500	—	—	96		
Machinery for fertilizer distributors	—	31	50			160		
TOTAL	**42,216**	**70,290**	**61,750**	**25,100**	**167**	**88**	**41**	**59**

a/ Local manufacture of combines in 1965 has been foreseen

5. Investment Estimates :

Estimates of investments in the agricultural implements and manufacturing industry for 1965 compared with the past years is shown in Table 153

TABLE 153 — Investment in the Agricultural Implements and Machinery Manufacturing Industry.

(Thousand TL.)

	Value				Percentage Changes (Chain Index)		General Index 1962 = 100
	1963	1964	1965		1964	1965	1965
			Foreign	Total			
Public sector	1.0	1.4	—	2.0	45	143	—
Private sector	4.6	14.4	2.0	5.0	314	35	109
TOTAL	**7.6**	**15.8**	**2.0**	**7.0**	**207**	**44**	**92**

5. Measures :

The most important measure in this sector is to increase collaboration between related institutions so as to ensure the efficient working of the Agricultural Machinery Work Programming Board in 1964 and 1965.

a. The manufacture of combines, which are one of the most important types of agricultural machinery, will be examined in collaboration with the institutes related to the State Agricultural Equipment Institute.

b. Studies made on wheat-fertilizer box-drills by the State Agricultural Equipment Institute will be concluded shortly and implementation of the recommendations will be started.

ELECTRICAL MACHINERY, APPARATUS, APPLIANCES AND SUPPLIES

1. General Situation :

a. In the Development Plan, importance has been given to the domestic production of electrical machinery, apparatus and appliances which are generally regarded as investment goods. However, taking into account the level of development of the economy and technological requirements, the manufacture of big machinery and delicate apparatus has not been considered in the First Plan period. Apart from such equipment, however, the production of a great many other electrical supplies will be increased to a level which will meet internal demand.

b. According to available information, about TL. 385 million worth of production was made in this branch of industry in 1963, an increase of 28 percent over 1962. A high rate of development has been observed particularly in the manufacturing of fixtures and electrical household goods and this development is continuing in 1964. Internal consumption was met by local manufacturing to the extent of 39 percent in 1963 and 43 percent in 1964.

2. Demand and Consumption :

a. Demand :

Estimates of demand for electrical machinery, apparatus and appliances for 1965 in comparison with the past years are shown in Table 154.

TABLE 154 — Estimates of Domestic Demand of the Electrical Machinery, Apparatus and Appliances Manufacturing Sector

(Current Prices)
(Million TL.)

Items	Value 1962	1963	1964	1965
Power transformers	23.0	43.0	55.0	70.0
Electric generators	19.0	25.0	30.0	35.0
Electric motors	30.0	45.0	50.0	56.0
Converter bobbins and others	15.4	24.0	21.0	24.0
Batteries and cells	80.0	89.0	100.0	112.0
Electro-magnetic appliances	0.3	0.6	0.7	0.7
Electric hand appliances	10.0	13.0	15.0	18.0
Electric motor parts	26.0	29.0	32.0	36.0
Car signal lights	11.0	12.0	13.2	14.4
Electric lamps	3.5	6.0	5.0	6.0
Industrial and laboratory equipment	11.0	14.0	17.0	20.0
Electric heaters	5.0	6.0	7.0	8.2
Telephone apparatus and switchboards	22.5	54.0	65.0	94.0
Loudspeakers, microphones and amplifiers	13.5	16.6	16.5	19.6
Radio broadcasting and receiving sets, wireless, telephones telegraph equipment	210.0	230.0	250.0	275.0
Railway electric appliances	1.2	0.7	0.8	15.0
Condensors	13.5	19.0	22.0	25.0
Electric cables	70.0	126.0	130.0	150.0
Electric bulbs and types	30.0	37.8	41.0	45.0
Electronic tubes and transistors	17.0	23.0	26.0	29.0
Cables	58.0	105.0	117.0	130.0
Electric metres	7.2	6.0	6.0	6.6
Others	32.0	35.0	43.0	50.0
TOTAL	**709.0**	**959.7**	**1,063.2**	**1,239.5**
Chain Index	**100**	**135**	**111**	**116**

b. Production :

Estimates of the production of the electrical machinery, apparatus and appliances manufacturing sector for 1965 are shown in Table 155 in comparison with the past years.

TABLE 155 — **Estimates of Domestic Production of the Electrical Machinery, Apparatus and Appliances Manufacturing Industry**

(Current Prices)
(Million TL.)

Items	Value			
	1962	1963	1964	1965
Power transformers	4.0	20.0	25.0	25.0
Electric generators	—	0.1	0.1	0.1
Electric motors	0.5	1.0	1.0	15.0
Batteries and cells	73.0	84.0	96.0	111.0
Electrical hand appliances	5.8	7.0	8.0	10.0
Electric lamps	2.5	3.0	4.0	5.0
Electric heaters	2.7	4.5	6.0	7.4
Telephone apparatus and switchboards	1.0	4.0	5.0	10.0
Loudspeakers, record players and amplifiers	3.0	5.0	7.0	8.0
Receiving and broadcasting wireless, telephone and telegraph	125.0	150.0	175.0	200.0
Electric switchboards, switches and parts	5.0	15.0	35.0	55.0
Light bulbs and tubes	20.0	25.0	28.0	31.0
Cables	20.0	23.0	27.0	65.0
Conduits for electric wire	5.5	6.0	7.0	8.0
Electric metres	—	—	—	2.0
Others	32	38.0	45.0	55.0
TOTAL	**300.0**	**385.6**	**469.1**	**607.5**
Chain Index	**100**	**128**	**122**	**129**

3. Foreign Trade Effect :

a. Export Effect :

The exportation of electrical machinery, apparatus and appliances on a large scale is out of the question at present. However, copper, which has been exported in a semi-finished state will be exported in the form of products such as cables, electric motors and power transformers.

b. Import Effect :

Estimates of the imports electrical machinery, apparatus and appliances for 1965 in comparison with past years are shown in Table 156.

TABLE 156 — Imports of the Electrical Machinery Apparatus and Appliances Sector

(Current Prices)
(Million TL.)

Items	Value 1962	 1963	 1964	 1965
Power transformers	9.4	15.9	20.0	28.0
Electric generators	13.3	17.9	20.7	24.0
Electric motors	20.0	32.8	27.0	23.0
Convertors	2.8	1.8	1.5	1.9
Reactor bobbins and others	8.3	14.8	13.0	15.0
Electro-magnetic appliances	0.2	0.3	0.4	0.4
Batteries	0.1	0.2	0.2	0.2
Cells and parts	4.2	3.0	2.0	1.0
Electro-magnetic hand apparatus	2.8	2.6	4.5	5.0
Electric motor parts	15.1	16.9	20.0	22.5
Car lights and parts	6.5	7.2	8.0	9.0
Electric lamps	0.6	1.7	0.5	0.6
Industrial and laboratory equipment	6.2	8.2	10.0	11.6
Electric heaters	1.3	0.7	0.7	0.5
Telephone and switchboards	14.8	32.6	40.0	55.0
Loudpeakers, microphones and amplifiers	6.7	7.2	6.2	7.2
Receiving and transmitting wireless telephone, telegraph equipment and parts	56.7	51.5	50.0	50.0
Railway electric appliances	0.9	0.5	0.6	11.0
Electric sound and signal apparatus	0.6	0.5	0.3	0.4
Condensors	8.2	11.9	14.5	16.0
Switchboards, switches and parts	41.9	[illegible]1.6	60.0	60.0
Light bulbs and tubes	6.4	7.1	8.4	7.0
Electronic tubes and transistors	10.8	14.3	16.0	19.0
Accelerators	0.3	0.3	8.0	0.3
Cables	23.7	50.2	55.0	40.0
Electrodes and brushes	0.7	0.4	0.2	0.2
Other electrical appliances	5.8	4.2	5.8	6.5
Isolating parts	2.8	1.9	1.8	2.0
Conduits for electric wire	0.4	0.2	—	—
Electric metres	4.8	4.1	4.1	2.8
Others	0.4	0.4	0.6	0.7
TOTAL	**276.7**	**383.9**	**400.0**	**420.8**
Chain Index	**100**	**139**	**104**	**105**

4. Investments :

Estimates of the investment of the electrical machinery, apparatus and appliances sector are shown in Table 157.

TABLE 157 — Investment Estimates of Electrical Machinery, Apparatus and Appliances Sector

(Million TL)

	Value				Percentage Changes (Chain Index)		
Establishments	1962	1963	1964	1965	1963	1964	1965
Public sector	—	—	—	5.0	—	—	—
Private sector	8.4	26.6	42.0	70.0	316	162	167
TOTAL	**8.4**	**26.6**	**42.0**	**75.0**	**316**	**162**	**178**

Because measures related to this sector were not taken in time to make a breakdown in the table, investments shown over the years are different from the estimates relating to this sector as indicated in the Development Plan.

5. Measures :

The possibility of producing locally all kinds of transformers, generators, electric motors, special machines and similar revolving electrical machinery, high and low tension control fixtures, switches and parts will be examined by Etibank. The studies will be completed by the end of March 1965 and will be submitted to the State Planning Organization.

This research will be evaluated during the preparation of 1966 Public Sector Investment Programmes, bearing in mind the principle of avoiding the creation of excess capacity in this field. Notice of investments to be made by the private sector will be given to the State Planning Organization by March 1965 and they will actually be started by June 1965.

The necessary formalities to ensure the manufacture and assembly of telephone apparatus and switchboards in Turkey by 1966 will be started by the PTT General Directorate.

MANUFACTURE AND REPAIR OF TRANSPORT EQUIPMENT

1. Manufacture of Motor Vehicles :

a. General Situation :

(1) It has been accepted in principle in the Development Plan that motor vehicles should be produced in Turkey. For this purpose, the industry was begun by importing foreign vehicles in parts and assembling them locally.

It is planned that by 1967 a certain percentage of the parts used in the assembly plants will be locally manufactured and it is also planned to stop the importation of vehicles which in future will be produced domestically.

In order to keep up with the development of foreign and domestic tourism, it is deemed necessary to have a sufficient number of buses available.

As the passenger car is generally considered to be a luxury consumer product, it has been accepted in principle that in the Plan period the the demand for them should be kept at a minimum.

(2) At the beginning of 1963, although buses and lorries were removed from the import quota, imports continued to flourish due to previous allocations and due to orders by public organizations. The extent to which lorries were used decreased.

The freezing of imports has paved the way for many firms to attempt to establish their own assembly plants. With the granting of permission, the number of firms in this branch has increased at a rapid rate This situation has already led to savings in foreign currency, but further savings could be effected if larger percent of parts were manufactured in Turkey. For this reason it is necessary that the regulations relating to the assembly industry should be firmly applied and that the industry should pay serious attention to all possibilities for saving foreign currency in future years.

Passenger cars have generally been brought into the country outside of the import allocation. Because sufficient measures were not taken to correct this situation, the number of imported cars in 1963 was so great as to cause prices to fall at a considerable rate. Although it was foreseen in the Development Plan that 6,400 cars should be added to the total number of cars in 1963, 15,200 passenger cars were brought into the country. Of these, 13,300 were brought in by way of importation without allocation or brought in illegally and legalized afterwards.

b. Demand and Production :

The estimated total number of cars in Turkey between 1962 and 1965 and the actual number in 1962, are shown in Table 158.

TABLE 158 — Estimated and Actual Increase of Vehicles during the First Five - Year Development Plan

(Thousands)

Type		Amounts a/				Percentage Changes (Chain Index)			General Index 1962 = 100
		1962	1963	1964E	1965E	1963	1964	1965	1965
Lorries & pick-ups	Estimated	5.0	2.0	2.5	3.0	40	125	120	60
	Actual	12.5	11.7	6.8	3.0	94	58	44	24
Buses & microbuses	Estimated	2.1	2.2	2.4	2.6	105	109	108	124
	Actual	3.3	3.7	3.5	3.7	112	94	106	112
Passenger cars	Estimated	5.9	6.4	6.9	7.1	108	108	103	120
	Actual	11.7	15.2	15.6	7.1	130	103	46	61

a/ *The actual numbers given for 1965 are accepted as realizable Programme numbers*

It will be seen that there is a marked difference between estimates and the actual number in the 1962-63 period.

TABLE 159 — The Total Number of Vehicles Estimated in the Development Plan and the Actual Number

(Thousand

Type		Amounts a/				Percentage Changes (Chain Index)			General Index 1962 = 10
		1962	1963a/	1964E	1965b/	1963	1964	1965	1965
Lorries & pick-ups	Estimated	63.1	61.1	59.3	58.0	97	97	98	92
	Actual	73.3	81.0	83.5	82.3	111	103	99	112
Buses & microbuses	Estimated	13.3	14.6	16.1	17.1	110	110	106	129
	Actual	16.4	19.3	21.8	24.6	118	113	113	150
Jeeps & other passenger cars	Estimated	50.6	53.3	56.1	59.0	105	105	105	117
	Actual	60.7	72.2	83.7	86.0	119	116	103	142

a/ *Except for nine provinces, the number has been taken from the State Statistica Institute.*

b/ *The actual numbers given for 1965 are accepted as realizable Programme numbers.*

A comparison based on the number of lorries shown in Table 159 and the tonnage per kilometre carried on the roads, indicates that utilization of lorry capacity in 1963 dropped to 85 percent compared with 1960. If the actual number of lorries equals the estimates for 1965 shown in Table 159, then utilization of capacity will rise to 95 percent. It has been stated in the Development Plan that there is a surplus lorry carrying capacity. Thus the 1965 Programme foresees that the actual use of lorry capacity should be one and a half times greater than that of 1960. Thus, it is apparent that the idea in the Plan of fully utilizing capacity has not yet been achieved. In order to realize this idea by 1967, the number of vehicles to be produced locally in 1966 and 1967 will have to be revised.

The estimated production of vehicles in 1965 in comparison with past years is shown in Table 160.

TABLE 160 — Estimate of Vehicle Production

(Number)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
Type	**1962**	**1963**	**1964**	**1965**	**1963**	**1964**	**1965**	**1965**
Lorries & pick-ups	1,354	1,347	2,500	3,000	99	186	120	222
Buses & Microbuses	2,230	2,970	3,400	3,700	133	114	109	166
Jeeps & other passenger cars	877	610	900	1,000	70	148	111	114

Turkey has the capacity to realize the estimates shown in Table 160 if the foreign currency is saved in the proportions shown in Table 161. The foreign currency saving rates on the vehicles produced and assembled in 1962 and 1963 and the minimum quantities that should be attained each year according to regulations pertaining to the assembly industry, are shown in Table 161.

TABLE 161 — Foreign Currency Savings from the Domestic Assembly of Vehicles a/

(Percentage)

		1963			
	1962	**Minimum**	**Maximum**	**1964**	**1965**
Lorries & pick-ups	12.4	1.3	32.5	20	30
Buses & microbuses	22.7	14.2	59.9b/	30c/	40c/
Jeeps & other passenger cars	15.8	10.1	18.9	20	30
AVERAGE	**15.2**	**12.2**			

a/ *The foreign currency rate of saving by the local assembly of vehicles has been described in the Assembly Industry Regulations*

b/ *The rate of saving foreign currency on bus bodies.*

c/ *The rate of saving foreign currency by complete local manufacture of buses.*

As seen in Table 161, the foreign currency savings rate which averages 12.2 percent in 1963 is lower than that of 1962.

c. Foreign Trade Effect :

(1) Exports :

The existing production and assembly firms do not envisage exports. However, it has been noted that there is a big difference between costs of transporting pre-assembled vehicles and parts for local assembly of vehicles. By taking advantage of this difference and the cheap labour in Turkey, it may be possible to export vehicles produced and assembled in Turkey. Hence the assembly firms, the capacities of which are greater than the domestic demand, may find it possible to increase their output by producing for exports.

(2) Imports :

The imports of highway vehicles in the 1962 - 65 period are shown in Table 162.

In 1965 imports of passenger and repair trucks will be allowed without allocation. Apart from this, assembled vehicles may not be imported.

The foreign currency required for the investments of this sector in 1965 is estimated to be in the neighbourhood of TL. 15 million.

TABLE 162 — Imports of Vehicles

(At Current Prices)

Type	Amount — Value 1962 Number	1962 Million TL	1963 No.	1963 Million TL.	1964 No.	1964 Million TL	1965 No.	1965 Million TL	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 = 100 1965
Damper unloading and transport vehicles	55	14.2	194	16.3	200	21.0			[illegible]	129		
Import with allocation of passenger cars	221	2.8	1,341	[illegible]	[illegible]	33.[illegible]			752.[illegible]	163	—	—
Import without allocation of passenger cars a/	10,600	85.0	13,300	98.0	12,500	95.0	[illegible]	55.0	115	97	58	65
Lorries and pick - ups	13,463	356.9	10,119	274.1	4,300	110.1			77	40	—	—
Buses	1,099	39.2	747	21.2	120	3.4			54.1	16	—	—
Other vehicles carrying passengers and goods	355	12.6	74	3.9	74	3.9			31	100	—	—
Repair trucks	47	6.1	63	7.1	60	7.0	60	7.0	116	99	100	115
TOTAL		**516.8**		**441.4**		**282.9**		**62.0**	**85**	**64**	**22**	**12**
Chassis with engines and chassis parts		112.1		139.9		160.0		150.0	125	114	94	134
GRAND TOTAL		**629.6**		**581.3**		**442.9**		**212.1**	**92**	**76**	**49**	**34**

a/ *The increase in the total number of cars has been calculated by taking into account the number of vehicles that were taken out of service and the number of vehicles imported under the quota.*

d. Investment Estimates :

Estimates of investments in the vehicle industry are shown in Table 163.

TABLE 163 — Estimates of Investments of the Vehicle Industry (Million TL.)

	Value			Percentage Changes (Chain Index)	
Sector	**1963**	**1964**	**1965**	**1964**	**1965**
Public	—	—	—	—	—
Private	20.0	40.0	24.0	200	60
TOTAL	**20.0**	**40.0**	**24.0**	**200**	**60**

The investments are lower than those foreseen in the Development Plan. One reason for this situation is that the measures taken for encouraging the domestic production of spare parts were delayed and under the existing Assembly Industry Regulations, the rate of increase of savings in foreign currency has been kept low. The second reason is that manufacturing firms have unused capacity and have been able to increase local production without making further investments. Thus, in this sector investments are being made in assembly installations rather than in large manufacturing installations.

c. Measures :

(1) In the 1964 Programme, it was decided that the number of assembly firms should not be increased as they draw investments away from and undermine the manufacture of parts. In spite of this, the number of firms that manufacture and assemble highway vehicles have increased in size.

The measures foreseen in the 1964 Programme shall be carefully implemented.

In the manufacturing branches where there is sufficient competition, no new firm shall be allowed to be established other than those for which permission has already been granted.

(2) Adjustments shall be made to co-ordinate the articles of the Assembly Industry Regulations so that they will contribute to the development of the industry and increase foreign exchange savings.

(3) During 1965, enough foreign exchange will be allocated to provide for the assembly of a maximum of 3,000 lorries and pick-ups, 3,700 buses and microbuses and 1,000 jeeps. When allocations are being formulated, the rate of foreign exchange savings, the importation of parts

free of customs duty and differences in the cost of transporting assembled vehicles and vehicles parts will be taken into consideration.

2. The Railway Vehicles Repair and Production Industry :

a. General Situation :

(1) The T. C. State Railways Management possesses workshops and factories in Sivas, Eskişehir, Ankara and Adapazarı and it was decided in the Development Plan to make use of the this excess capacity so that diesel and electric locomotives, freight and passenger wagons, cold storage, post and other wagons could be manufactured in their entirety domestically. Therefore, no railway vehicle shall be imported apart from the 40 locomotives for which negotiations have already been completed. Locomotives and wagons shall be produced in Eskişehir and Adapazarı respectively. An investment of TL. 108.9 thousand has been foreseen in the Plan in order that this principle may be developed. Factories will also be altered, enlarged or completed in order to make repairs.

In order to utilize the full capacity of the railway workshops, they will be used for other purposes as well.

(2) Various railway wagons were produced in 1963 and 1964, but adequate studies on the local production of diesel and electric locomotives have not yet been made.

Only 55.5 percent of the investments programmed for 1963 was realized.

b. Demand and Production :

(1) Demand :

A large proportion of the locomotives and coaches of the T. C. railways have completed their life spans. The yearly production quantity to renew these and the number of vehicles that will have been put out of service by 1967 as foreseen in the Development Plan are shown in Table 164.

TABLE 164 — The Production Programme of Railway Vehicles and Those to be Put out of Service by 1967

(Number)

Type	Vehicles to be put out of service	Quantity				Percentage Changes (Chain Index)			General Index 1962=100
		1962	1963	1964	1965	1963	1964	1965	1965
Locomotives	307	—	—	—	9	—	—	—	—
Freight wagons	4,634	164	500	500	550	305	100	110	335
Passenger coaches	440	10	30	50	50	300	167	100	500

(2) Production :

The production of railway vehicles is shown in Table 165.

TABLE 165 — Production and Repair of Vehicles in Railway Workshops

Kind	Quantity — Value 1962 Number	 1962 Million TL.	 1963 No.	 1963 Million TL.	 1964E No.	 1964E Million TL.	 1965E No.	 1965E Million TL.	Percentage Changes (Chain Index) 1963	 1964	 1965	General Index 1962=100 1965
1. PRODUCTION AND REPAIR IN STATE RAILWAY WORKSHOPS												
a. Production (In State Railway Workshops)												
— Diesel locomotives	—	—	—	—	—	—	—	29.0	—	—	—	—
— Electric locomotives	—	—	—	—	—	—	2	15.0	—	—	—	—
— Freight wagons	164	7.5	448	24.4	225	36.7	530	51.0	325	150	139	680
— Passenger coaches	10	4.7	—	—	20	5.2	65	24.6	—	—	473	523
— Repair parts	—	21.8	—	25.4	—	26.0	—	27.0	117	102	104	124
— Production of switches, bridges and sleepers	—	18.4	—	27.7		29.3		30.0	151	106	102	163
PRODUCTION TOTAL	—	**52.4**	—	**77.5**	—	**97.2**	—	**176.6**	**148**	**125**	**182**	**337**
b. Repair (In State Railway Workshops)												
— Locomotive repairs	539	50.3	495	56.3	4.0	48.4	500	50.0	112	86	103	99
— Passenger coach repairs	1,697	13.0	1.600	13.5	1,879	16.6	1,900	17.0	104	123	102	131
— Freight wagon repairs	9,894	22.7	—	23.3	10,320	27.8	11,000	30.0	103	120	108	132
— Motor vehicle repairs	—	4.6	—	6.5	—	7.4	—	8.0				
— Other repairs (including electric trains)		5.9		12.9		22.4	—	25.0	219	174	112	424
REPAIR TOTAL	—	96.5		112.6	—	122.6	—	130.0	117	109	106	135

TABLE 165 — (Continued)

Kind	Quantity — Value 1962 Number	 Million TL	 1963 No.	 Million TL	 1964E No.	 Million TL	 1965E No.	 Million TL	Percentage Changes (Chain Index) 1963	 1964	 1965	General Index 1962 = 100 1965
c. Other production — (Tools, steelyards for weighing, scales, various steel constructions and other productions)		[illegible]		13.4		5.2		30.0	[illegible]	[illegible]	577	140
d. Production and repairs made to individual and other organizations		10.9		8.5		13.9		[illegible]	[illegible]	164	360	459
TOTAL		**181.2**		**212.0**		**238.9**		**386.6**	**117**	**113**	**162**	**213**
2. REPAIRS IN WAREHOUSES OF STATE RAILWAYS AND IN OPEN SHEDS		84.2		92.8		102.0		112.0	110	110	110	133
3. TURKISH IRON AND STEEL WORKS' ORE WAGON PRODUCTION		—		—	20	5.0	20	5.0	—		100	—
GRAND TOTAL		**265.4**		**304.8**		**345.9**		**503.6**	**115**	**113**	**146**	**190**

(3) Comparison of Demand and Production :

Although capacity of the workshops is adequate the production of railway vehicles did not reach Plan targets. This defficiency is caused by both difficulty in securing foreign currency for materials and by administrative defects.

Efforts will be made to avoid these drawbacks and to produce locally what was previously imported.

If necessary, by working three shifts it will be possible to use the extra capacity in workshops and installations for purposes other than those of the railways. Thus a substitution of imported goods would be possible. Foreign currency expenditure shall be saved and the losses of the T. C. State Railways should decrease to some extent.

c. Foreign Trade Effect :

(1) Export Effect :

Although there is no exportation of railway vehicles at present there is potential for it. If the necessary measures were taken, it is estimated that a thousand wagons could be exported in 1965.

This exportation, which would be approximately TL. 135 million would necessitate TL. 20 million.

(2) Import Effect :

The importation of railway vehicles in the 1962-1965 period is shown in Table 166.

TABLE 166 — The Importation of the Railway Vehicles Production Sector
(Million TL

Kind	Value 1962	1963	1964	1965	Percentage Changes (Chain Index) 1963	1964	1965	General Index 1962 100 1965
Steam locomotives	0.4	—	—	—	—	—		
Electric locomotives	—	—	—	—				
Diesel locomotives	2.7	13.1	—	132.0	485.1	—		4,888.9
Motor vehicles	24.4	30.1	0.1	—	134.4	3		
Passenger coaches	4.4	—	—	—	—			
Other service wagons	—	—	—	—	—	—		
Workshop wagons	0.1	—	—	—	—	—		
Freight wagons	1.2	6.2	—	—	516.7	—		
Small wagons	7.4	0.1	6.0	—	13.5	6,000		
Containers	0.6	—	—	—	—	—	—	
Parts and pieces	9.2	15.4	9.0	20.0	169.2	58	222	219.8
TOTAL	**48.3**	**64.9**	**15.1**	**152.0**	**194.5**	**23**	**1,007**	**314.7**

Apart from the previously mentioned 40 engines, no importation of railway vehicles shall be made. Only those parts and pieces that cannot be produced locally shall be imported. The foreign payment necessary for domestic production is TL. 260 million while investment is TL. 6.9 million.

d Investment Estimates :

The investment estimates for railway vehicles are shown in Table 167.

TABLE 167 — The Investment Estimate of the Railway Vehicles Sector **(Million TL.)**

	Value			Percentage Changes (Chain Index)	
Institution	**1963**	**1964**	**1965**	**1964**	**1965**
State railways	15.4	20.0	17.0	130	85
TOTAL	**15.4**	**20.0**	**17.0**	**130**	**85**

e. Measures :

(1) In 1965, the State Railways shall co-operate with the Centre of Research on Export Development and other official and private institutions in order to attain the above mentioned export targets.

(2) The possibility of the Ankara, Adapazarı, Eskişehir and Sivas Factories owned by the State Railways amalgamating and becoming a separate institution that will manufacture the railway requirements as well as other products, shall be taken up in reorganizational studies.

3. Ship Building Industry :

a General Situation :

For the development of ship building it has been foreseen in the Development Plan and the Annual Programmes that :

- Importation of ships should be stopped.
- Ship building credit should be secured.
- A ship building organization and a shipping control system should be established.
- The repairing of foreign ships should be facilitated.
- The Maritime Bank should build large vessels.

Of these measures, only the stopping of importation has been realized, the others have not been implemented. Development in this field has been limited by insufficient credit and the lack of a shipbuilding organization.

At present only 20 percent of the shipyard capacity is being used.

b. Demand and Production :

(1) Demand :

The demand for ships in Turkey is presently only a potential demand. The target in the Development Plan was "To carry at least half of the foreign trade goods on more modern and newer vessels and to create a commercial fleet that can compete with foreign ships in international waters". As measures to realize this were not taken, the above mentioned demand was not created. Various studies have shown that at least 480,000 DWT of shipping should be replaced or added to the fleet in the 1964-1970 period.

(2) Shipbuilding Programme :

The kind and quantity of ships that will be laid on the stocks in 1965 compared with previous years is shown in Table 168. In planning the building programme, the potential demand of the public sector shall be taken into consideration; in determining the demand of the private sector, it has been assumed that planned measures have already been carried out. In addition, the possibilities of utilizing the extra capacity have been taken into account.

TABLE 168 — Shipbuilding Programme (Number

Type	Quantity			
	1962	1963	1964	1965
Bigger than 10,000 DWT	—	1	—	1
3,501 — 6,000 DWT	—	1	1	2
1,001 — 3,500 DWT	—	1	2	3
100 — 1,000 DWT	4	3	4	29
Ferry - boats for vehicles	2	2	2	1
Tugs	3	4	3	3
Floating cranes	—	—	—	1
Other sheet - iron vessels	29	35	22	50

(3) Comparison of Demand and Production :

The shipbuilding progmamme is lower than the potential demand which will have to be met by domestic construction. Sheet iron requirements shall be met domestically in 1965 when the Ereğli Iron and Steel Factories start operating.

c. Foreign Trade Effect :

(1) Export Effect :

As labour is cheap in Turkey, the cost of building ships is 20 percent lower than world market prices. This situation creates an exportation potential if the necessary credits and conditions are secured.

(2) Import Effect :

It was stated in the Development Plan that the importation of ships shall be stopped and only those special types of ships and tankers that cannot be produced locally shall be imported. In 1965 even those ships that cannot be produced in Turkey shall not be imported. However, TL. 40 thousand worth of parts shall have to be imported. The ship importation during the period 1962 - 1965 is shown in Table 169.

TABLE 169 — Ship Importation (CIF)

Type	Amount								Percentage Changes (Chain Index)		
	1962		1963		1964		1965				
	Gross Ton	Million TL.	Gross Ton	Million TL.	Gross Ton	Million TL.	Gross Ton	Million TL.	1963	1964	1965
Cargo (Larger than 250 G tons)	37,018	41.3	60	0.7	—	—	—	—	2	—	—
Tankers	38,767	89.0	—	—	—	—	—	—	—	—	—
Passenger ships	3,120	37.7	—	—	—	—	—	—	—	—	—
Other vessels (Smaller than 250 G tons)		4.6	—	0.3	—	—	—	—	1	—	—
Tugs		3.3	—	—	—	—	—	—	—	—	—
Buoys		3.9	—	—	—	—	—	—	—	—	—
Other vessels		—	—	—	—	—	—	—	—	—	—
TOTAL		179.8		1.0	—	—	—	—	1	—	—

d. Investments :

Investments for 1965 compared with previous years are shown in Table 170.

TABLE 170 — Shipbuilding Investments

(Million TL.)

Institutions	Value				Percentage Changes (Chain Index)		
	1962	1963	1964	1965	1963	1964	1965
Public sector	..	2.9	16.3	10.5	—	576	63
Private sector	500	1.0	—	6.0	200	—	—
TOTAL	..	**3.9**	**16.7**	**16.5**	**—**	**428**	**99**

e. Measures :

(1) TL. 30 million for internal shipbuilding needs and TL. 15 million for exports shall be allocated to the "Shipbuilding Credit Fund."

(2) The selection of suitable shipyards in the Eastern Marmara Region shall be completed by March 1965. The municipalities concerned in connection with this shall co-operate with the responsible ministries.

(3) The Revolving Funds regulations of the Ministry of National Defence and related regulations shall be altered in such a way as to make large production possible.

The Maritime Bank shall study the manufacture of engines other than diesel engines until the end of March 1965. It shall inform the State Planning Organization of the results of the studies and at the and of this study, the production of those engines which can be produced economically in Turkey shall start.

SMALL INDUSTRY AND HANDICRAFTS

1. Present Situation :

Small industries and handicrafts, which play an important part in the economy, are widely scattered throughout Turkey. This sector makes a large contribution to the national income, increases employment, helps to balance the economic structure of the country and contributes to the growth of the manufacturing industry. However, the exact magnitude of this sector has not yet been quantified and a detailed survey and census has not yet been made of the number of small firms, their distribution or annual production values. The statistical information presently available is neither adequate nor reliable.

It will be necessary to co-ordinate the development of small industries and handicrafts with the development in various other sectors of the economy.

The main problems of small industry and handicrafts can be summarized as follows :

a. Organization :

There is no central organization to provide guidance or to solve the problems of small industries and handicrafts in regard to technical knowledge, quality control, marketing, business administration or legislation. The work done by various departments on this subject has not been carried out on a co-operative or co-ordinated basis. The Department of Small Industry of the Ministry of Industry, which implements policy in this sector, and the Confederation of Craftsmen and Artisans Association have not been adequately re-organized along the lines suggested in the 1964 Annual Programme. A special bureau has been created in the Halk Bank in order to ensure contacts and co-operation between small and large scale industry and certain improvements in the efficient management of credit policy have just started. In order to solve the most important problems of organizing small industry and handicrafts, the reorganization of the Confederation and the Department of Industry, foreseen in Law No. 507, should take place as soon as possible.

b. Location :

Small industry and handicraft workshops are scattered throughout cities and small towns. These shops do not generally work in a way which could help the development of small industry. Much work could be done more economically by using common installations. However, it is in fact carried out in scattered and remote workshops and complementary branches of the same production processes are not located in the same area.

It is necessary to establish industrial sites and districts in order to bring small industries and handicrafts together and to create a proper basis for their integration and development. As a start, for the realization of this target, an appropriation of TL. 10 million included in the budget of the Ministry of Finance as foreseen in the 1964 Annual Programme. This appropriation will be spent in accordance with the findings of an Evaluation Committee, which consists of representatives from the Ministries of Finance, Commerce, Industry, Reconstruction and Resettlement and the Halk Bank.

Work on this subject will continue in 1965.

c. Technical Knowledge :

In general, small industrialists lack technical knowledge because they use old fashioned processes instead of modern methods. Small industries find it difficult to follow economic development and often produce low quality and expensive products. It is necessary to reorganize the training courses operated by the Ministries of Education, Industry, Agriculture and Village Affairs in accordance with the needs of the artisans.

d. Capital and Credit :

The use of capital and credit facilities by small industries and handicrafts is extremely low in comparison with their production potentialities. In general, the meagre resources of the artisans and the limited credits given by the Halk Bank are far from meeting the requirements of this sector. The distribution of credits has not been adjusted according to the needs of the artisans while a major part of the credit facilities is in a frozen form. In many cases small credits based on personal guarantees cannot be used by artisans for increasing productivity since they are insufficient for their needs.

The sources and credits of the Halk Bank, the number of existing small industry security co-operatives and workshops obtaining credit through security co-operatives in 1962 and 1963, are given in Table 171.

TABLE 171 — Halk Bank and Small Industry Security Co-operatives

	Unit	1962	1963	Index for 1963 1962=100
1. TOTAL RESOURCES	TL.	255,225,475	273,194,140	107.0
2. TOTAL CREDITS	TL.	208,274,866	224,254,976	107.6
a. Frozen credits	TL.	145,310,893	181,304,930	124.7
b. Instalment credits	TL.	37,853,713	21,194,830	55.9
c. Commercial credits	TL.	25,110,260	21,755,216	86.6
3. AS A PERCENTAGE OF TOTAL CREDITS				
a. Frozen credits	%	69.7	80.8	115.6
b. Instalment credits	%	18.1	9.4	51.9
c. Commercial credits	%	12.0	9.7	80.8
4. NUMBER OF SMALL INDUSTRY SECURITY CO-OPERATIVES		183	183	100.0
5. NUMBER OF WORKSHOPS GIVEN CREDITS BY THE SMALL INDUSTRY SECURITY CO-OPERATIVES		81,713	86,142	105.4

As will be seen in Table 171, at the end or 1963, 80.8 percent of the total credits distributed by the Halk Bank were frozen, 9.4 percent were an instalment type and 9.7 percent were a commercial type of credit.

The distribution of the Halk Bank credits, according to regions, is given in Table 172.

TABLE 172 — Distribution of the Halk Bank Credits by Regions (Thousand TL.)

Region	1962	1963	Index for 1963 1962=100
Marmara	30,221	33,000	109.1
Aegean	38,328	42,510	110.9
Black Sea	32,706	34,886	106.6
Central Anatolian	53,157	53,467	100.5
Mediterranean	25,037	27,710	110.6
Eastern Anatolian	14,991	16,728	111.5
South East Anatolian	13,835	15,954	115.3
TOTAL	**208,275**	**224,255**	**107.6**

In order to convert frozen credits to the instalment type of credit suitable to the needs of artisans, a 10 percent reduction of frozen credits has begun to be made by the small industry security co-operatives. The funds accumulating from the reduction of frozen credits and the new resources of the Bank have begun to be distributed as long term credits up to TL. 25,000. Moreover, the interest rate on these credits, which could have risen to about 23 percent has been decreased to 12 percent under Law No. 358 approved in 1963.

The loan fund for the encouragement of small industry, which was released from counterpart funds by AID, has been increased by TL. 8 million to TL. 20 million in 1964. Instalment type of credits up to TL. 50,000 have begun to be given by the Halk Bank from this fund.

e. Marketing :

There are no proper marketing facilities for the products of small industries or handicrafts. Since they generally have to sell to a local market which has a very limited purchasing power, it is not possible in many cases to increase production. Since they do not have enough information on selling and advertising methods or on the supply, demand and price situation of the other markets and/or because there is no organization to assist them on this subject, they are unable to expand their sales to other markets.

Strong links between small and large scale industries have not yet been set up. As a result, many components and small parts which could be well and cheaply produced by small industries are imported or produced expensively by large scale industries.

In particular, Turkish handicrafts, which are extremely important from the point of view of exportation and tourism, have not been well exploited in domestic and foreign markets. The work of the Ministry of Tourism and Information on this subject should be accelerated.

2. 1965 Studies :

In the light of the foregoing information, the policy on small industry and handicrafts will be implemented in accordance with the following principles :

a. Small industries and handicrafts will be encouraged to produce sound products in terms of quality and price.

b. The integration of small industrial units which produce more economically in large scale units, and the reorganization of industrial branches in which small scale operations are economically sound, will be supported.

c. Co-operation and co-ordination between small and large industries shall be ensured, and these two industries shall be stimulated and induced to support and complement each other.

d. The sale of small industry and Turkish hand-made products in domestic and foreign markets will be developed.

e. The growth of industrial units, so as to increase the value of products which have development potentialities, in the neighbourhood of sources of agricultural products and raw materials will be ensured

3. Investments :

Investments in this sector consist of investments from artisans' own resources, from credits and from public investments for the establishment of industrial districts.

In order to increase investments in this sector, the resources of the Halk Bank will be increased and in the distribution of credits, priority will be given to industrial units which tend to increase production.

Moreover, TL. 15 million will be appropriated by the Ministry of Finance from the general budget in order to assist in the creation of industrial sites and markets.

4. Measures :

a. A survey will be made on small industries and handicrafts in the country and the number of workshops, workers employed, volume and types of products and their value will be assessed.

b. For the proper implementation of the policy on small industry and handicrafts, the Department of Small Industry of the Ministry of Industry will be reorganized and this department will undertake to coordinate and be responsible for the work done by other ministries on this subject.

c. To assist in the internal reorganization of small industries and handicrafts, the Confederation of Craftsmen and Artisans Association will be established in accordance with Law No. 507. This confederation will provide guidance and assistance in such matters as the establishing of co-operatives, the transmission of technical information, the distribution of raw materials, the allocation of capital, marketing and the availabilty of Government aid to artisans.

d. Ways and means will be sought to increase the resources of the Halk Bank and the 10 percent reduction of frozen credits will be taken further so as to secure the conversion of these frozen funds into the instalment type of credit.

e. The credit policy of the Halk Bank will be adjusted to as to stimulate the integration of small industries, while the establishment of artisans' co-operatives will increase production.

f. The fields in which small and large industry can work together will be determined; co-operation and contacts between them will be ensured; developments in this sector which assist and complement large industry will be encouraged.

g. Financial, economic and legal measures relating to the consolidation of small industries in more productive and larger units will be undertaken by the Ministries of Finance, Commerce and Industry as a matter of urgency.

h. The advertising and marketing of the products of small industries and handicrafts in domestic and foreign markets, will be undertaken by the Ministry of Commerce and the Confederation of Craftsmen and Artisans Association.

i. Basic principles for advertising and improving carpet-making, which is the most important of Turkish handicafts, will be determined and studies will be started on this subject.

j. Organizations charged with the responsibilitiy of solving small industry and handicrafts problems will start studies in the province of Gaziantep which has been selected as a pilot region.

CONSTRUCTION SECTOR

1. General Situation :

In the construction sector, delays in implementing the principles of the 1964 Programme and Development Plan, the continued stagnation of activity, the decrease in productivity, the lack of technical labour evaluation, and a lack of construction projects suitable to the characteristics of individual regions, involved a considerable waste of time. A tendency to increase the staff of investing firms lowers productivity

The importance of construction activities in the development effort warrants careful consideration.

Law No. 2490 and the "General Accounting" Law were not amended as stipulated in the 1963 and 1964 Programmes; the recommended types of specifications and contracts were not developed; orders were not placed in sufficient time for the construction season; the full capacity of the technical personnel was not utilized; not enough emphasis was laid on economic construction; relations with entrepreneurs were not regulated, there were delays in establishing standards for construction materials, and irregularities in programming construction activities occurred. All these factors have for two years greatly hindered the successful application of the Development Plan.

As a large proportion of the investments in various other sectors depend upon construction, any delays in this sector have an adverse effect on the Programmes in general. It is therefore necessary that a great effort should be made by the related organizations to realize the measures stipulated in the 1963 and 1964 construction Programmes.

2. Demand Estimates of Main Construction Materials

TABLE 173 — Demand Estimates of Main Construction Materials

Main Construction Materials	Unit	Quantity			
		1962	1963	1964	1965
Cement	1,000 tons	2,328	2,769	3,000	3,350
Construction iron	1,000 tons	295	344	395	450
Bricks	Millions	250	298	332	365
Manufactured Timber products	100 m^3	625	245	860	985
Glass	100 m^2	450	535	613	698

A deviation of ± 10 percent in the table values may be expected. Figures related to bricks cover only factory bricks.

3. Construction Investments :

63 percent of the total investment is made in actual construction, while 37 percent is spent on machinery and equipment. These proportions change according to the character of the investments in each sector and and to actual technologic conditions. Thus the proportion of actual construction investment to the total was 64.7 percent in 1963 and 65 percent in 1964. It is estimated that the 1964 ratio will not change during the 1965 Programme.

Investments of the construction industry (at 1963 prices) are shown below.

	1963	1964	1965
Total investments (Million TL.)	10,053.6	11,846.0	12,700.0
Construction investments (Million TL.)	6,464.0	7,673.4	8,191.5

The investment estimates of the construction sector were calculated at TL. 8.191 million, the above technologic ratio being assumed to be 64.5 percent.

4. Measures :

In order to remove drawbacks arising from the unco-ordinated and inefficient implementation of studies and projects, the costs of planning and supervising projects will be considered separately from the costs and time of construction itself. Hitherto, these planning costs were regarded as small, almost dispensable, items of the total cost.

Thus before investments are made, the project will be studied as a "Project Investment". This means, in effect, that when the "Project Investment" is evaluted, the costs of planning and preparation will be separated from the costs of building. Planning and preparation must, in addition, be completed on time by the departments responsible for the commencement of building operations.

b. To implement this aim, investing organizations will not include the cost of planning and preparation in the cost of construction. Instead they will prepare the project themselves or have it prepared by local or foreign technical firms and compute these costs. Alterations and additions in the details of applications may remain outside the scope of this obligation.

c. As mentioned in the 1963 Programme, the Ministry of Reconstruction cannot efficiently utilize the capacity of the Bureau of Construction and Development for construction purposes. This is because the Bureau does not have an independent accounting organization or system.

To prevent further difficulties, this Bureau will become a new institution independent of State Economic Enterprises or organizations with annexed budgets. It will have the power to plan the projects and construct the buildings of the those public organizations which are unable to do so themselves, or which do not have building staff.

d. As already stated in the 1963 Programme, funds for those constructions for which land has not yet been bought, will not be included in the Programme. This makes it necessary to buy land before pre-project surveys can be accepted in the Programme. Therefore, before land is bought and in order to avoid two different problems such as the belated discovery that the land is unsuitable for the type of construction and that buildings costs will be too high, or that investment money is allocated but building land is lacking, water and soil surveys will be carried out.

ENERGY SECTOR

A. PRIMARY ENERGY

1. **Present Situation :**

Six sources of primary energy - hard coal, lignite, petroleum products, hydro-electricity, wood and dried dung - are used to meet the demand for energy in Turkey. These are utilized either directly or after being converted into secondary energy. Although the total amount of secondary energy used is known, it is hard to estimate the amount of directly consumed primary energy since many people use wood and dried dung for fuel which commodities are not traded on the market. However, surveys have been undertaken to estimate the amounts of such fuel and the results are given in Table 174.

The years 1963 and 1964 have, in general, been a research and preparation period in the field of energy. An effective initial step to centralize matters relating to energy and to implement a specific energy policy has been taken through the establishment of the Ministry of Energy and Natural Resources.

To determine the form of implementation of the energy policy, seven cities in Central Anatolia, eight cities in South Eastern Anatolia, three cities in North Eastern Anatolia and seven cities in North Western Anatolia have been chosen as pilot regions. However, effective work has not yet started.

2. **Demand and Production Estimates :**

Total energy demand for 1965 compared with 1962 and 1963 is given in Table 174. This total demand is obtained as the sum of the demands for each primary energy source. As will be seen from the table, total energy will reach a value equivalent to 24.927 million tons of coal or 157 billion K Cal which means a 21.5 percent increase over 1962.

TABLE 174 — Consumption of Primary Energy Resources and Total Energy Demand

(Thousand Tons)

Types of Primary Energy	Value				In Coal Equivalent				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964	1965	1962	1963	1964	1965	1963	1964	1965	1965
Coal	3,887.0	4,142.9	4,220.0	4,410.0	3,887.0	4,142.9	4,220.0	4,410.0	107	102	105	113
Lignite	2,979.0	3,312.0	4,000.0	4,000.0	1,939.3	2,156.1	2,604.0	2,604.0	111	121	100	134
Petroleum products	2,069.6	2,427.8	2,735.0	3,487.4	3,290.7	3,860.2	4,348.7	5,545.0	117	113	128	169
Hydro-electric power	1,124.0a/	2,108.0a/	2,000.0a/	2,000.0a/	562.0	1,054.0	1,000.0	1,000.0	188	95	100	178
Wood	13,500.0	14,000.0	14,300.0	14,700.0	5,940.0	6,160.0	6,292.0	6,468.0	104	102	103	109
Dried dung	14,000.0	14,000.0	14,000.0	14,000.0	4,900.0	4,900.0	4,900.0	4,900.0	100	100	100	100
TOTAL	—	—	—	—	20,519.0	22,273.2	23,364.7	24,927.0	109	105	107	122

a/ *In million KWH*

The total energy demand will be met in general by four commercial energy sources - hard coal, lignite, petroleum products and hydro-electric power - and by two non-commercial energy sources - wood and dried dung. Total production values of commercial energy resources are given in the sections relating to each source.

16 percent of total energy demand is used after being converted into secondary energy. Production values of secondary energy resources are given in Table 175.

TABLE 175 — Production Value of Secondary Energy **(Million TL.)**

Type	Value 1962	Value 1963	Value 1964	Value 1965	Percentage Changes (Chain Index) 1963	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965	General Index 1962 = 100 1965
Coke and gas	158.7	190.8	220.3	285.0	120	115	129	180
Electricity	619.0	690.0	775.0	875.0	111	112	113	141
TOTAL	**777.7**	**880.8**	**995.3**	**1,160.0**	**113**	**113**	**117**	**149**

78.5 percent of total energy demand has been met by domestic resources and the remaining 21.5 percent has been imported in the form of 3.373 million tons of crude petroleum. The total energy demand is not being met fully or adequately. As a result of the economic and social conditions as well as the traditions of the country, a great amount of non-commercial energy resources are being used with a consequent great economic loss to the country.

TABLE 176 — Consumption of Primary Energy Resources **(Total %)**

Resources	1962	1963	1964	1965
Coal	18.9	18.6	18.1	17.7
Lignite	9.5	9.7	11.1	10.4
Petroleum Products	16.0	17.3	18.6	22.2
Hydro electric power	2.8	4.7	4.3	4.2
Commercial Energy Resources	**47.2**	**50.3**	**52.1**	**54.5**
Wood	28.9	27.7	26.9	25.9
Dried dung	23.9	22.0	21.0	19.6
Non - Commercial Energy Resources	**52.8**	**49.7**	**47.9**	**45.5**
TOTAL	**100.0**	**100.0**	**100.0**	**100.0**

As will be seen from Table 176, the utilization of commercial energy resources has increased. However, this growth has not been obtained through an appropriate adjustment in the use of resources or the implementation of a specific energy policy, but rather by changes in economic structure and the fact that the utilization of non-commercial sources has remained constant whereas total energy utilization has increased.

3. Foreign Trade Effect :

21.5 percent of the total energy demand is met by imports of crude petroleum. The value of imports is given in the Petroleum Sector.

4. Investments :

An account of most of the investments in the energy sector is given in the section concerned with primary energy resources.

Total investments for electricity and other secondary energy production are shown in Table 177.

TABLE 177 — Investments in the Energy Sector (Million TL

Type	1962	1963	1964	1965
Electricity	254.9	391.1	871.5	1,046.3
Coke	..	..	33.8	55.5
Atomic energy	..	..	..	9.5
TOTAL	..	..	..	**1,111.3**

B. SECONDARY ENERGY

(COKE AND GAS)

1. General Situation :

a. The general principle foreseen in the Development Plan for this sector is to provide fuel which will be healthy and economic to urban communities and will meet the requirements for the development of industry.

b. Gas plants and distribution systems exists only in Istanbul, Ankara and Izmir. In addition, there is a metallurgical coke factory in the Karabük Iron and Steel Factories and the semi-coke factory in Zonguldak also carries out the production of metallurgical coke. Metallurgical coke installations in the Ereğli Iron and Steel Factory began operating in 1964.

These plants do not meet the total coke demand. However, there has been some stock accumulation because the coke obtained from the third coke factory, opened in 1963 in Karabük, could not be utilized because of a temporary interruption in iron and steel production. The use of this stock in succeeding years will to some extent decrease the negative effects of insufficient production in this field. Unless new capacity is added, domestic coke production will only be able to meet the industrial demand. Therefore, new establishments have to be set up.

At present, the prices of coke used in industry and of coke used for heating, are different. Thus, the sale of coke for heating at a price below production costs requires the raising to industry of coke prices. Moreover, the stability of coke prices, in spite of increases in coal prices, inhibits the production of coke and gas.

Due to inefficiency in the distribution system, the full gas production capacity is not being utilized.

The exemption of liquid petroleum gas from production tax and municipality duties gives it an advantageous competitive position.

2. Demand and Production :

a. Demand :

Demand for coke and gas in 1965, compared with previous years, is given in Table 178.

TABLE 178 — Demand for Coke and Gas

Item	Unit	Amount				Percentage Changes (Chain Index)			General Index 1962=100
		1962	1963	1964	1965	1963	1964	1965	1965
Heating coke a/	Thous. tons	478.8	658.4	661.0	400.0	138	100	61	84
Industrial coke b/	Thous. tons	311.4	403.9	570.0	1,060.0	130	141	186	340
Gas	Million m³	85.0	90.2	97.0	106.0	106	108	109	125
LPG	Thous. tons	1.7	8.8	10.0	32.4	518	114	324	1,906

a/ *Indicates the demand to be met. Actual coke demand has not been calculated since demand is still under contral and has been for some time.*

b/ *Large increases in the demand for industrial coke are due to the operations of new iron and steel factories.*

b. Production :

Production targets for coke and gas in 1965, compared with previous years, are given in Table 179.

TABLE 179 — Net Production of Coke and Gas

Item	Unit	Amount				Percentage Changes (Chain Index)			General Index 1962=100
		1962	1963	1964	1965	1963	1964	1965	1965
Metallurgical coke	Thousand Tons	512.7	822.8	960.0	1,080.0	160	117	113	211
Semi - coke	,,	83.5	78.8	80.0	80.0	94	102	100	96
Gas coke	,,	127.0	127.2	134.0	144.0	100	105	107	113
Gas a/	Million m³	102.5	112.5	121.5	132.4	110	108	109	129
LPG	Th. tons	6.0	11.1	20.0	32.4	185	180	162	540
Production valua b/	Million TL.	158.7	190.8	220.3	285.0	120	115	129	180

a/ *Gross* b/ *Except for LPG*

c. Comparison of Demand and Production :

Estimates of production and demand given in Table 178 and 179 are the amounts obtained according to the capacities of production and the distribution system. A stock of 84,000 tons of coke stock has been carried over from 1963 to 1964. It is thus expected that some of the increased demand of coming years will be met by drawing from stock.

3. Foreign Trade Effect :

a. Export Effect :

There are no exports in this sector since domestic demand exceeds production.

b. Import Effect :

The special type of coke necessary for the production of ferro-alloys will have to be imported until this specific coke is produced domestically. The import value of this coke for 1965 is estimated to be TL. 2.5 million.

4. Investment Estimates :

Investment estimates for coke and gas are given in Table 180.

TABLE 180 — Investment Estimates in Coke and Gas (Million TL.)

Establishments	Value			Percentage Changes (Chain Index)
		1965		
	1964	Foreign	Total	1965
Local Administrations	23.8	11.0	30.0	126
Public Sector	10	8.4	25.5	255
TOTAL	**33.8**	**19.4**	**55.5**	**164**

5. Measures :

a. The possibility of installing new establishments to meet the coal requirements of the country will be examined by the Turkish Coal Works. The investment project for the necessary establisments will be prepared by June 1965.

b. The sale of coke will be unlimited. New prices will be charged for coke taking into consideration free supply and demand conditions and the need to prevent drawbacks created by the sale of coke below production cost.

c. Studies will be undertaken by the Turkish Coal Works, the Ankara Electricity, Gas and Bus Authority, the Istanbul Electricity, Tunnel and Street - Car Authority and the Electro-Metallurgy Industrial Company, to determine the possibility of replacing the importation of the coke necessary for ferro-alloys by local production.

C. SECONDARY ENERGY

(ELECTRIC POWER)

1. Present Situation :

Only one-third of the Turkish population uses electricity at present. It is an accepted principle in the Development Plan that more use should be made of hydro-electric resources and that the number of electricity users should be increased.

In general, the electric power consumption of Turkey is rapidly growing. However, inasmuch as the production capacity has not increased at the same rate, energy bottlenecks occur, particularly in linked systems.

The installed power station capacity in Turkey is given in Table 181.

TABLE 181 — Installed Power Station Capacity (MW)

Type of Station	1962		1963	
	Power	%	Power	%
Thermo power stations	915.4	65.5	925.0	66.2
Hydro - power stations	467.9	34.5	472.0	33.8
TOTAL	**1,383.3**	**100.0**	**1,397.0**	**100.0**

As will be seen from Table 181, the majority of power stations depend on thermo - electric resources. In 1963, only stations of 14 MW began operating and the majority of these can be considered as small-scale installations. No new production units have been added to the linked systems. The increase in installed power was 1 percent in 1963.

TABLE 182 — Length of Power Carrying and Disribution Networks (Km.)

Line Tension	1962	1963
154 Kv.	2,236.8	2,568.0
66 Kv.	1,024.0	1,121.4
33 Kv.	804.0	924.2
33— 15 Kv.	603.6	717.1
Low Tension		

At present, electricity is supplied to 67 cities, 404 towns, 66 small towns and 247 villages. Production capacity is inadequate in many of these places.

Demand for electricity in Turkey, therefore, is still limited by supply conditions. In regions where large supplies of electric power are available, rapid increases in demand have been observed.

The complications of past years in the implementation of electricity stations have not yet been overcome. However, an important remedial step has been taken by the establishing of the Ministry of Energy and Natural Resources.

In 1962 the average sales price for electricity was 24.9 krş. and there were no price increases in 1963. The present electricity price tariffs are not consistent with the Plan requirements. They do not permit self-financing and this results in operating deficits.

2. .Demand and Production Estimates :

Consumption and production estimates of electric power for 1965 as compared with 1962 and 1963 are given in Table 183. As will be seen in the table, the percentage increase of gross power production in 1963 was lower than the increase in 1962, which was 11.4 percent and 14.8 percent in 1963 and 1962 respectively. It is estimated that this increase will be 12 percent in 1964 and 13 percent in 1965. Thus the demand for electric power will reach 4.420 billion Kwh in 1965. The estimate of production to met the above demand will be 5 billion Kwh. It is assumed that adjustments to be made in electric power prices will not affect the controlled demand.

TABLE 183 — Power Production and Consumption Estimates for 1965 **(Million kwh)**

Main Items	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964	1965	1963	1964	1965	1965
CONSUMPTION								
Lighting	738	797	—	—	108	—	—	—
Industry	2,277	2,632	—	—	116	—	—	—
Pulling power	44	45	—	—	102	—	—	—
Total Consumption	**3,059**	**3,474**	**3,900**	**4,420**	**114**	**112**	**113**	**145**
PER CAPITA CONSUMPTION (Kwh.)	104	114.8	124.8	137.5	—	—	—	—
PRODUCTION								
Thermo power stations	2,435	1,859	—	—	76	—	—	—
Hydro-power stations	1,124	2,108	—	—	188	—	—	—
TOTAL	**3,559**	**3,965**	**4,440**	**5,020**	**110**	**109**	**110**	**132**
CONSUMPTION/ PRODUCTION RATIO	0.860	0.876	0.878	0.880	111	112	113	141

TABLE 184 — Regional Distribution of Power Demand and Production

(Power : MW)
(Energy : Million Kwh.)

Regions	1962		1963		1964		1965		Capacity for 1965	
	Power	Energy	Power	Energy	Power	Energy	Power	Energy	Power	Energy
North - West Anatolia	410.0	2,254.0	465.6	2,498.0	540.0	2,880.0	584.0	3,280.0	706	3,260
West Anatolia	76.3	381.6	94.2	447.1	100.0	500.0	106.0	590.0	191	772
Çukurova	40.0	193.1	42.5	209.3	50.0	240.0	56.0	300.0	64.8	300
Others	..	730.3	..	810.6	..	820.0	..	850.0	..	
TOTAL	..	3,559.0	..	3,965.0	..	4,440.0	..	5,020.0	..	

Regional distribution of power demand and production is given in Table 184.

This table has been prepared on the assumption that normal production conditions will continue and that the following power stations and units will be added to the power system in 1965.

a. The thermo-electric power station of the Ereğli Iron and Steel Works with a capacity of 20 MW and 150,000 Kwh.

b. The third unit of the Tunçbilek power plant with a capacity of 60 MW and 200 million Kwh.

c. The Kesikköprü Hydro-Electric Power Station with a capacity of 76 MW and 20,000,000 Kwh.

d. The power stations of Sizir, Bünyan, Kayseri Linen Factory and Göksu to be added to the linked system with cables of 154 Kw.

If delays in the construction of stations occur and if 1965 proves to be a dry year, a great shortage in power supply will result in the North-West Anatolian region where industrial activities are concentrated.

Power production values per year are given in Table 185.

TABLE 185 — Power Production Values **(Million TL.)**

	Value				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964	1965	1963	1964	1965	1965
Power	619	690	775	875	111	112	113	141

3. Foreign Trade Effect :

There is no import or export of electric power at present in Turkey.

4. Investments :

Investments for 1965 in the electric power sector are given in Table 186.

TABLE 186 — Investments in the Electric Power Sector (Million TL.)

Establishments	Value					Percentage Changes (Chain Index).	
	1962	1963	1964	1965		1964	1965
				Foreign	Total		
Public sector	254.9	391.1	824.5	304.0	936.3	153	114
Private sector	—	3.4	47.0	42.1	110.0	—	234
TOTAL	**254.9**	**394.5**	**871.5**	**344.1**	**1,046.3**	**155**	120

5. Measures :

No new production capacity has been added to the linked systems since 1960 and the existing production capacity is consequently insufficient to meet the rapidly increasing demand for power. Moreover, this shortage of supply has increased because of delays in the planned construction of power stations.

Measures which were implemented at the beginning of 1964 such as those for the full capacity operation of all production units in regions connected to linked systems, the economic use of power, the establishment of the Turkish Electrical Society, the Keban Project and the measures regarding electricity prices are to be continued in 1965.

TRANSPORTATION AND COMMUNICATIONS

The transportation and communications sector has been examined under three different headings :

A. Transportation

B. Communications

C. Radio

A. TRANSPORTATION

1. General Situation :

The confusion and lack of co-ordination in transportation affairs still continues. While truck and bus services compete fiercely with one another they still manage to attract passengers and freight away from the railways and shipping industry.

While considerable importance has been attached to the building of roads in big cities, equal importance has not been given to the building of provincial and country roads and excess of vehicle and traffic capacity still remains. In accordance with measures of the 1963 and 1964 Programmes certain services of the railways and airways have been cancelled due to lack of traffic. This included 12 airports. The Ministry of Transport and Communications is not organized well enough to effect an efficient or consistent transportation policy. Thus, the actions of executive bodies cannot be adequately controlled.

a. Capacity :

(1) Transportation Capacity :

A comparison of the vehicle situation at the end of 1963 with 1962 is shown in Tables 187 and 188.

TABLE 187 — Road - Railway - Airline Vehicles (Number)

	1962	1963	Percentage Changes
1. ROAD VEHICLES			
a. Passenger cars	60,731	72,206	119
b. Trucks, lorries	73,323	81,000	110
c. Buses, minibuses	16,437	19,262	117
2. ROLLING STOCK :			
a. Locomotives			
(1) Steam	871	867	100
(2) Diesel			
Main line locomotives	14	14	100
Motorized trains	62	60	97
Shunting engines	53	53	100
(3) Electric vehicles			
Main line engines	3	3	100
Electric unit combinations	24	30	125
b. Coaches			
(1) Passenger coaches	1,237	1,216	98
(2) Goods wagons	15,941	16,086	101
(3) Service wagons	2,196	2,344	107
(4) Wagons belonging to companies and organizations	443	451	102
(5) Tank - cars belonging to various companies and organizations	1,015	1,014	100
3. AEROPLANES			
a. DC - 3	13	6	[illegible]
b. F - 27	8	8	100
c. Viscount	4	4	100
d. C - 47	2	2	100

TABLE 188 — Vessels (Cargo Vessels Exceeding 300 Gross Tons, Passenger Ships and Tankers)

	1962			1963			Percentage Changes		
	Number	Gross Tonnage	DW Tonnage	Number	Gross Tonnage	DW Tonnage	Number	Gross Tonnage	DW Tonnage
PUBLIC SECTOR									
Load	33	131,755	192,743	33	131,515	196,042	100	100	102
Passenger	24	112,881	58,851	22	104,853	59,203	92	93	100
Tanker	5	43,629	66,305	7	45,474	68,018	140	104	103
TOTAL	**662**	**288,265**	**317,899**	**61**	**281,842**	**323,263**	**98**	**98**	**102**
PRIVATE SECTOR									
Load	84	254,231	372,609	77	272,707	369,006	92	107	99
Passenger	—	—	—	—	—	—	—	—	—
Tanker	12	68,834	105,952	13	69,286	106,061	108	101	100
TOTAL	**96**	**323,065**	**478,561**	**90**	**341,993**	**501,067**	**94**	**106**	**105**
TOTAL:									
Load	117	385,986	565,352	109	404,222	591,048	93	105	105
Passenger	24	112,881	58,851	22	104,853	59,203	92	93	101
Tanker	17	112,463	172,257	20	114,760	174,079	118	102	101
TOTAL	**158**	**611,330**	**796,460**	**151**	**623,835**	**824,331**	**96**	**102**	**103**

From the figures in Table 187 it can be seen that the number of road transport vehicles increased by 15 percent - an amount far exceeding Plan expectations. Goods and passenger transport has increased at a rate of 15 percent over the last 4 years, thus the low utilization of road transportation equipment continues. There have been few changes in the carrying capacity of railway and shipping transport. Although the number of vessels has decreased, ships which were removed from service were replaced by larger vessels and the total gross tonnage and dead weight tonnage have shown a slight increase. With regard to the airways, the 12 DC - 3's that could not be sold were kept in service in 1963.

The transportation capacity as at the end of 1963 is shown in Table 189.

TABLE 189 — Transportation Capacities of Vehicles (Million)

	Passenger - Km.	Ton - Km.
Road	28,081	13,347
Railway	6,930	6,930
Shipping	2,418	49,541a/
Airways	593b/	—

a/ 40,140 million ton - km is the capacity of cargo transportation in foreign wate

b/ The 12 DC - 3's are not included

(2) Capacity of the Harbours :

With the investments made in 1963, the capacities of Haydarpaşa, Iskenderun, Mersin, Samsun and Derince harbours have been increased and when current investments are completed capacity will increase even further.

TABLE 190 — Loading and Unloading Capacity of the Harbours a/ (Thousand Tons)

Harbours	Loading - Unloading
Trabzon	548b/
Derince	453
Istanbul	2,190b/
Haydarpaşa	1,812
Izmir	1,095b/
Iskenderun	1,377
Mersin	2,531
Samsun	1,450

a/ The harbour built to meet the requirements of the Ereğli Iron and Steel [illegible] will increase the annual capacity by 2,000,000 tons after 1963

b/ Trabzon, Istanbul, Izmir figures are for 1962.

(3) Capacity of Airports :

Because those air services which were running at a loss were dropped and those services with little traffic were cancelled, there was a decrease in the total traffic capacity in 1963.

TABLE 191 — Capacity of Airports

Aircraft	Suitable Airport	Airport in Service	Capacity of the active days. Air traffic per annum
DC - 3	28	16	199,231
F - 27	16	10	199,596
Viscount	10	5	141,092
DC - 7	3	2	74,460
Caravelle	3	2	74,460
Boeing 707	3	2	74,460

b. Road Network :

The state, provincial and village roads situation in 1962 - 1963 is shown in Table 192.

TABLE 192 — Road Network

	1962	1963	Percentage Changes
1 STATE ROADS			
a Hard surfaced roads	8,066	9,774	121
(1) Stone block	117	119	101
(2) Concrete	614	990	161
(3) Asphalt	7,335	8,665	118
	15,998	19,947	125
Loose surfaced roads			
(1) Stabilized gravel	15,920	14,699	92
(2) Macadam (good)	5	375	
(3) Macadam (bad)	73	4,873	
	2,466	5,120	208
Earth roads			
(1) Graded hard earth with drainage	478	897	188
(2) Graded hard earth roads	547	480	88
Unimproved roads	1,441	3,743	260
TOTAL	**26,530**	**34,841**	**131**
PROVINCIAL ROADS			
Covered	18,222	10,685	59
(1) Stabilized	14,878	9,448	64
(2) Poorly stabilized	3,344	1,237	37
Graded	6,635	4,697	71
Unimproved roads	9,266	9,388	101
	34,123	24,770	

TABLE 192 — Road Network (Cont.)

	1962	1963	Percentage Changes
3. VILLAGE ROADS			
a. Covered	9,083	9,361	103
b. Graded	17,205	11,853	69
c. Unimproved	18,599	26,860	144
	44,887	48,074	107
GENERAL TOTAL	**105,540**	**107,685**	**102**

a/ In 1963 10.000 Km. of provincial roads were added to the state network

b/ The figures for 1962 were based on the results obtained at the end of 1961 the figures for 1963 on the figures at the end of 1962

2. Demand Estimates :

Estimates for passenger and cargo transportation for 1965 compared with 1962 and 1963 are shown in Table 193 and 194.

TABLE 193 — Passenger Transportation Estimates

(Million Passenger - Km.)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
Sectors	1962	1963	1964E	1965E	1963	1964	1965	1965
Roads	16,446	19,009	21,935	25,113	115	115	115	154
Railways	3,700	3,600	3,500	4,100	97	97	117	111
Shipping a/	462	477	492	507	103	103	103	110
Airways a/	107.1	124.2	133.2	134.6	116	107	101	126
TOTAL	**20,715.1**	**23,210.2**	**26,060.2**	**30,054.6**	**112**	**112**	**115**	**145**

a/ External lines are not included

TABLE 194 — Cargo Transportation Estimates

(Million Tons - Km.)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
Sectors	1962	1963	1964E	1965E	1963	1964	1965	1965
Roads	5,150	5,930	6,824	7,854	115	115	115	152
Railways	3,500	3,700	4,900	4,400	106	108	110	126
Shipping a/	1,531	1,764	1,900	2,000	115	108	105	130
Airways a/	10.2	11.8	12.9	13.9	116	109	102	128
TOTAL	**10,191.2**	**11,405.8**	**12,736.9**	**14,267.1**	**112**	**112**	**112**	**140**

a/ External lines are not included.

It is estimated that with the commencement of the activities of the Ereğli Iron and Steel Factories, there will be an increase of 250 million ton-km. on the railways and 420 million ton-km. in shipping. Because the necessary measures were not taken transportation by road of passengers and cargo exceeded targets set in the Five Year Plan. 84 percent of all passenger transport is by road while 55 percent of all cargo transport is by road. Because a road transportation administration was not established, a licensing system was not created and the same taxes were levied on road transporters as in the other transportation systems. This is one of the major reasons for the excessive increase of capacity in road transport.

TABLE 195 — **Loading and Unloading Situation at the Harbours** (Thousand Tons)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
Harbours	1962	1963	1964E	1965E	1963	1964	1965	1965
Trabzon	162.3	164	166.5	170	101	102	102	105
Derince	188	295	165	300	157	56	182	160
İstanbul	2,250.6	2,260	2,270	2,280	100	100	100	101
Haydarpaşa	953	958	725	700	101	76	97	73
İzmir	854.8	866	878	880	101	101	100	103
İskenderun	1,035	696	653	600	67	94	92	58
Mersin	2,899	3,814	4,655	4,500	132	122	97	155
Samsun	436	413	302	900	95	73	298	206
TOTAL	**8,778.7**	**9,466**	**9,814.5**	**10,330**	**108**	**104**	**105**	**117**

TABLE 196 — **Traffic Situation in Airports a/** (Number of aeroplanes per annum)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
Traffic	81,613	72,086	67,000	65,000	88	93	97	80

Yalova and Kayseri Airports are not included

Airport traffic shows a decrease due to the tendency to use bigger planes and because the airports of Agri, Akhisar, Aydın, Balıkesir, Bandırma, Çanakkale, Gaziantep, Iskenderun, Kars, Kastamonu, Urfa and Zonguldak were put out of service. In summer months military airports in cities are used instead of Balıkesir and Bandırma airports which were closed by the State Airports Administrations.

3. Investment :

Public investments in the transportation sector between 1962 and 1965 and the percentage changes are indicated in Table 197.

4. Measures :

a. The necessary studies will be made by the relevant departments to centralize road traffic control.

b. Inter-urban passenger and cargo transportation and the operation of dolmuşes and taxis will be licensed.

c. On the subject of airlines, bilateral agreements will be reconsidered according to present conditions.

d. The areas of operation of the State Airports Administration and the fuel installations of the Airport and Construction Directorate will be clearly defined.

e. The co-operation of local administrations in the programme of the General Directorate of Highways which concerns city and village roads will be secured.

TABLE 197 — Investment Estimates of Transportation Sector (Million TL)

	Value				Percentage Changes (Chain Index)		
Establishments	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**
Public sector	1,185.2	1,245.1	1,144.9	1,255.2	105	92	109
Priavte sector	. .	60.0	140.0	350.0		233	250
TOTAL		**1,305.1**	**1,284.9**	**1,603.2**	. .	**98**	**125**

1

2

B. COMMUNICATIONS

1. General Situation :

Communication services in Turkey are carried out by the General Directorate of the P.T.T. (Posts, Telegraph and Telephone). There is no difficulty in meeting the demand for postal services, which have a degree of operational flexibility, or for telegraph services which are adequately developed. But, because of the rapidly increasing demand for telephones, networks are found to be inadequate and unable to meet the requirements.

To meet the demand for telephone services, with the advantage it offers as a rapid means of communication, many public establishments have started to set up wireless and telephone installations.

The measures foreseen in the 1963 and 1964 Programmes for the reorganization of communication matters, could not be implemented fully.

2. Capacity :

a. Postal Services :

There are 3,053 work centres connected to the postal services, 833 of which are central offices, 371 branch offices, 138 agencies and 1,711 stamp sellers. In addition, the number of P.T.T. branch offices at railway stations amounts to 244.

b. Telegraph Services :

In Turkey, 1,097 places are connected by the telegraph network. The telegraph network situation is shown in Table 198.

TABLE 198 — The length of telegraph lines in 1962 - 1963

	Unit	1962	1963
Single wire iron conductor	Km.	17,050	13,872
Multi-purpose channels	"	24,611	31,313
Number of carrier channels	Number	324	324
Carrier channel systems	Km.	112,793	100,518

c. Telephone Services :

The number of units connected to the inter-urban telephone network is 980. Of these, 641 have city telephone networks as well.

The situation of telephone services is shown in Tables 199 and 200.

TABLE 199 — Telephone Capacity (1962 - 1963)

	1962	1963	Percentage Increase
Switchboard Capacity			
— Automatic	160,100	163,700	102
— Semi - automatic	7,000	6,200	89
Magnetic	49,239	53,518	109
TOTAL	**216,339**	**223,418**	**103**
Network Capacity	**294,938**	**304,091**	**103**

TABLE 200 — City Telephone Switchboard Capacity at the end of 1963

	Number of Places	Established	Capacity Subscribers
Automatic	53	163,700	158,126
CB	16	6,200	4,020
LB	572	53,518	35,956
TOTAL	**641**	**223,418**	**198,102**

3. Demand Estimates :

a. Postal Traffic :

Estimates of postal traffic for 1965 compared with 1962 and 1963 are shown in Table 201.

TABLE 201 — Estimates of Postal Traffic

(Thousands)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
Domestic Mail	246,342	279,185	323,847	367,100	113	116	113	149
Overseas Mail	18,248	23,544	34,819	38,190	129	148	110	209
Legal Notices	8,072	8,155	8,500	9,100	101	104	107	113
Parcel Post	1,628	1,594	1,600	1,700	98	100	106	104
Money Orders	5,838	6,101	6,400	6,600	105	105	103	113
C. O. D. Parcels	460	407	447	450	88	110	101	98
TOTAL	**280,588**	**318,986**	**375,613**	**423,140**	**155**	**118**	**113**	**151**

b. Telegraph Traffic :

Estimates of telegraph traffic for 1965 in comparison with the previous years are shown in Table 202.

TABLE 202 — Estimates of Telegraph Traffic (Thousands)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964E	1965E	1963	1964	1965	1965
Internal	9,544	8,937	9,000	9,200	94	101	102	96
External	892	870	915	950	98	105	104	127
TOTAL	**10,436**	**9,807**	**9,915**	**10,150**	**94**	**101**	**102**	**97**

c. Telephone Traffic :

Telephone call traffic is shown in Table 203. In this table, in the estimates for 1965, the controlled local demand, the new additional capacity possibilities and the subscriber situation have been taken into account.

TABLE 203 — Traffic of Telephone Calls (Thousands)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964E	1965E	1963	1964	1965	1965
City Calls	277,427	281,337	301,200	350,000	101	107	116	126
Inter - Urban Calls	16,968	17,758	19,000	21,500	105	107	113	127
TOTAL	**294,395**	**299,095**	**320,200**	**371,500**	**102**	**107**	**116**	**126**

4. Investments :

Communications investments and the changes in these investments between 1962 and 1965 are shown in Table 204.

TABLE 204 — Communication Investments (Million TL.)

	Value				Percentage Changes (Chain Index)		
	1962	1963	1964	1965	1963	1964	1965
PTT	57	128.2	196.2	134.7	225	153	69

5. Measures :

The implementation of measures to reorganise telephone services and to create additional sources of investments will be continued.

C. RADIO

1. General Situation :

In the Development Plan the more extensive use of radio is foreseen as an efficient instrument for maintaining the national purpose and affecting educational advancement. It is also planned to achieve nation wide reception of at least one national radio station. Until this target is reached and until radio programmes reach a higher standard, the introduction and operation of television, which is expensive, will not be considered.

The establishment of the Turkish Radio and Television Administration has been an important step; among others are the elimination of disorder in radio programmes, the improvement of radio programmes and the arrangement of more useful broadcasts.

Today in Turkey there are only two radio stations which have a vast number of listeners; these are the long-wave Ankara station and the medium-wave Istanbul station. But these stations are not audible in all parts of the country. At the end of 1964 a medium wave Izmir station of 100 Kw. will start working and will improve reception conditions in the western regions of the country.

2. Investments :

At the beginning of 1965, apart from the three existing high powered stations, the establishing of three more radio station in Erzurum, Diyarbakır and Mersin to improve reception in the North Eastern, South and South Eastern Anatolian regions, and a new high powered station for the purpose of supporting broadcasting services has been planned. Investments will be continued in this field.

(Million TL.)

TABLE 205 — Radio Investments

	Value				Percentage Changes (Chain Index)		
	1962	1963	1964	1965	1963	1964	1965
Radio Investments	..	..	18	13	..	..	72

TOURISM

1. General Situation :

Tourism, which has developed at a rapid pace since the Second World War, has become an important source of income for many countries. The development of tourism is very important for Turkey which has a continual deficit in its balance of payments. One of the principles of the Development Plan is to develop tourism in Turkey which has a great fund of natural and historical sites.

It cannot be said at present that Turkey is benefiting sufficiently from tourism. It should be noted that the number of foreigners coming into Turkey has not increased since 1963 and the number of those who can be classified as tourists has even decreased. Figures for the first four months of 1964 show a 13 percent decrease in the number of foreigners entering Turkey compared with the same period in 1963. Although there has been a considerable effort to publicize Turkey's touristic attractions in foreign countries, this has been neither sufficient nor efficient.

Moreover, a full inventory of overnight accommodation available in Turkey has not yet been made. Up to now, the Ministry of Tourism and Information has given touristic licences to only 300 establishments qualified to meet tourist requirements. According to the registers of the Ministry, there are only 98 hotels and motels with 8,405 beds which are up to tourist standards.

In the 1963 and 1964 Programmes, the principle of utilizing holiday camps owned by various public organizations for tourism was foreseen. It was impossible to carry out the above mentioned measure because, although the necessary studies were made, the required co-ordination was not obtained and the tourist information agencies and organizations were insufficient.

2. The Estimated Number of Travellers :

a. Tourists :

The number of people leaving Turkey in recent years has been about 40-50 thousand per year. The number of Turkish citiziens who went out of the country in 1962 and 1963 and estimates for 1964 and 1965 are shown in Table 206.

TABLE 206 — Foreign Travel in Turkey

(Number)

	Amount				Percentage Changes (Chain Index)			General Index 1962 = 100
	1962	1963	1964E	1965E	1963	1964	1965	1965
CITIZENS LEAVING THE COUNTRY								
As tourists	19,620	17,246	18,000	20,000	88	104	111	102
As pilgrims a/	7,347	22,996	22,700	22,500	313	99	99	307
Non - tourists	22,280	20,992	22,000	22,000	94	105	100	99
TOTAL	**49,247**	**61,234**	**62,700**	**64,000**	**124**	**102**	**103**	**131**
FOREIGNERS ENTERING TURKEY								
Tourists b/	172,867	154,823	150,000	187,500	90	97	125	109
Non - tourists	25,361	44,018	40,000	45,000	174	91	113	177
TOTAL	**198,228**	**198,841**	**190,000**	**232,500**	**100**	**96**	**122**	**117**

a/ *Those who got passports according to be registers of the General Directorate of Security.*

b/ *Those who can be considered tourists according to the OECD definition.*

Source : State Statistical Institute.

b. Foreigners Coming into the Country :

The number of foreigners who came into Turkey in 1963 remained at same level as in 1962, but the number of tourists decreased by 10.4 percent. Thus the increase in the number of foreigners who entered for non-touristic reasons counter-balanced the decrease in the number of foreign tourists.

According to the figures of the first four months of 1964, it can be seen that the number of tourists coming into the country will be somewhat less than that of 1962 and 1963. Assuming the increase in 1965 to be 20 percent, as foreseen in the Plan, it is estimated that 187,500 tourists will come into Turkey.

c. The income and expenditure of tourism

Foreign travel income as seen in official registers for 1962-1963 and the 1965 estimates are shown in Table 207.

TABLE 207 — The Income and Expenditure of Foreign Travel (Thousand $) (Current Prices)

	Amount				Percentage Changes (Chain Index)			General Index 1962=100
	1962	1963	1964E	1965E	1963	1964	1965	1965
REVENUE								
Tourists	7,316	6,424	6,500	9,000	88	101	138	123
Non - tourists	999	1,235	1,500	1,800	124	122	120	180
TOTAL	**8,315**	**7,659**	**8,000**	**10,800**	**92**	**104**	**135**	**130**
EXPENSES								
Tourists	8,653	5,528	7,300	7,800	64	132	107	90
Non - tourists	9,395	14,983	13,000	13,000	159	87	100	138
TOTAL	**18,048**	**20,511**	**20,300**	**20,800**	**114**	**99**	**103**	**115**
Foreign travel deficit	9,733	12,852	12,300	10,000	132	96	81	103

Source : The Ministry of Finance.

It is estimated that a 40 percent increase in tourism income will be realized in 1965 by the application of measures foreseen in the 1965 Programme.

3. Investments

In the tourism sector, investments of TL. 307,800,000 in 1965 (78 percent above that foreseen in the Development Plan) are expected. This estimate rests on the assumption that private sector investments will be supported by credits and directed towards tourism and that the measures taken will encourage investments in the tourism sector. It has been anticipated that 5,000 new rooms will be created with these investments.

TABLE 208 — Investments in the Tourism Sector (Million TL.)

	Value				
	1962	1963	1964	1965	
Establishments				Foreign Exchange	Total
Public sector	37.9	78.4	138.0	27.5	160.9
Private sector	..	..	70.0	10.0	150.0
TOTAL	..	..	**208.0**	**37.5**	**310.9**

4. Measures :

a. A survey covering all the over-night accommodation, holiday resorts, places of entertainment and similar facilities in the Marmara, Aegean and Antalya regions and in other well known tourist areas, will be made and completed by the end of May 1965. In addition, the existing studies of the touristic values of these regions, will be evaluated and a full survey of touristic values will be undertaken.

b. In the development of tourism it has been considered necessary to study the trends in tourism in those countries which supply the largest number of tourists to Turkey. Research will therefore be conducted abroad but, as an initial step, studies will be made on the habits of tourists within Turkey.

c. Although changes were made in the facilities for changing foreign currency, no great development has been perceived in the Foreign Travel Revenue recorded in official registers. In order to improve this situation and increase foreign travel revenue, the method of changing tourist travellers cheques through tax returns will be arranged and immediately be applied by the Ministry of Finance.

d. As a result of present regulations, foreigners entering Turkey, especially those coming by car, must comply with time-consuming formalities. The Ministry of Tourism and Information shall consult with other related Ministries so as to simplify the systems and ensure that a smoother system is applied at the beginning of the 1965 tourist season.

e. The preparation of laws regulating the appropriation of productive land for tourist purposes and controlling speculative movements in such places, will be accelerated.

f. In general, the private sector lacks the necessary financial facilities to establish and operate tourist establishments, although various organizations hold "Tourism Funds" allocated by the Government. These are neither sufficient in size nor fully utilized.

Until a credit institution for tourism is established in 1965, all the tourist credit funds which are now scattered among various organizations will be collected in a single organization.

Until this organization becomes active, a fund of TL. 50 million will be made available in a bank to be established by public funds, for the purpose of encouraging private sector tourist investments and their use according to principles which will be determined and announced by the

Council of Ministers. A special fund, sufficient to develop a pension system, will be set aside from this fund.

In distributing credit to the private sector, priority will be given to the regions emphasized in the Plan and to establishments which are not very luxurious.

g. Ways and means shall be prepared for facilitating sub-contract investments by the State in districts suitable for touristic purposes which will form a base for private sector investments.

h. Tourist regions shall be publicized and plans to establish "tourist units" in these regions shall be made. In these studies, care will be taken that as many projects as possible will be put forward so that the most suitable districts to be supported by private investments can be determined.

i. The regulations of Law No. 6551 governing the entry of hunter-tourists with guns and ammunition shall be altered in accordance with new needs and views.

j. The procedure applying to tourists exporting goods bought in Turkey shall be simplified.

k. Private foreign credits shall be accepted for tourism investments. The importation and utilization of these credits shall be determined and published by the Ministry of Finance in a short time.

1. Tourist licences shall be reviewed in the light of present conditions, the implementation and operation of projects which have obtained licences, will be followed closely and at certain intervais, by the Ministry of Tourism and Information. The licences of those places which are no longer achieving the goals for which they were licensed will be taken back.

m. Newly constructed establishments which have tourist licences shall be exempted from Real Estate Purchase Tax.

n. In the Aegean, Marmara and Antalya regions and in regions developed for tourism, priority will be given to sporting installations and to water sports in particular. For this aim T.L. 10 million will be invested from Spor - Toto income. The investment projects prepared on this subject, will be selected with the participation of the State Planning Organization and the Ministry of Tourism and Information.

o. A fund of TL. 10 million will be established, which will be lent to local administrations and the private sector at low interest rates for organizing holiday resorts in the above mentioned regions. This fund will be distributed by the organization responsible for the administration of tourism credits. The standards of tourist resorts will be determined by the Ministry of Tourism and Information as soon as possible.

p. The publicity activities started in 1964 by foreign firms to introduce Turkey to foreign countries, shall be continued as a matter of urgency.

r. The possibility of altering and using historical places (such as villas, castles and palaces) as overnight accommodation for tourists will be investigated.

s. In some museums there are several pieces or sets of similar objects. These objects shall be distributed to various other museums in Turkey so as to make other museums more interesting. Moreover, in big museums the display of the works of art shall be arranged in a more attractive way.

t. Public establishments will put their own rest camps at the service of tourists according to the principles determined last year. In 1965, for the purpose of increasing the benefits from these camps, each establishment will get in touch in advance with the similar foreign establishments or with those with which they are in contact, and invite the personnel of these foreign establishments to spend their vacations in these camps.

u. Efforts will be made to implement in Turkey the principles accepted by the Organization for Economic Cooperation and Development (OECD) and the United Nations.

HOUSING

1. General Situation :

The basic principles of the Five Year Plan with regard to housing are to limit investment in housing to 20 percent of the gross national investments so as to permit the channeling of investment capital into more productive fields, and to take the necessary measures to induce the construction of more housing units with the capital allocated. They also aim at finding solutions to the problems of squatter houses.

The 1963 and 1964 implementation shows that the realization of the housing goals of the Five Year Plan is somewhat behind schedule. The number of housing units built in relation to the capital allocated has decreased instead of increasing. This result clearly shows that investment in this sector is not being properly utilized according to the provisions of the Five Year Plan.

The capital invested for urban housing calculated on the basis of the construction permits given and the values indicated therein, together with the average sizes and unit costs of dwellings for 1962 and 1963 are shown in Table 209 below. Since implementation is still continuing, the exact figures for 1964 are not yet available. However, there are indications that 1964 is following an identical trend.

TABLE 209 — Housing Investments (Urban) (Million TL.)

Year	Capital Invested in Houses Total	%	Capital Invested in Apartment Buildings Total	%	Total Investment in Housing
1962	552.2	35.13	1,019.5	64.87	1,571.7
1963	576.1	37.65	964.1	62.35	1,530.2
1964	677	45.77	702	54.23	1,379

The urban housing units created with this investment total 58,748 for 1962 and 57,330 for 1963.

The number of urban housing units to be constructed in 1964 is estimated at 52,500 units, out of which 34,000 are to be houses and 18,500 apartments. The 1964 estimates envisaged the additional construction of 29,150 social housing units which would have brought the total up to 81,650 units, with a total investment of TL. 2,600 million (1,379 + 650). However, implementation is falling short of the planned figures and it is estimated that the total number of urban housing units to be completed in 1964 will total some 60,000 units.

According to the 1962 and 1963 figures, the average size of a house in Turkey is 88.40 sq. mt. while the size of an apartment is 122 sq. mt. The cost of construction per square metre is TL. 189 for a house and TL. 313 for an apartment building. The average cost of a house is TL. 17,200 and that of an apartment amounts to TL. 38,400. These figures clearly indicate the necessity for an effective implementation of the housing policy.

Research has an important part to play in housing. However, in view of the inefficient co-ordination of research studies executive agencies were not able to avail themselves of such studies.

The personnel accommodation programme of the State has not proceeded as it should have. Faulty execution continues to cause a waste of limited resources. The channeling of housing credits to social housing could not be realized in the required volume and considerable time was lost in this respect.

The credit policy has not yet been reoriented so as to enable the encouragement of co-operative housing. Thus the Real Estate and Credit Bank was not able to introduce the necessary modifications into its statutes or find an intermediate solution within the framework of the present statutes.

The Bank's interpretation of apartment ownership has resulted in the utilization of credits for the purchase of existing housing units, rather than in the construction of new units.

An adequate solution to squatter houses has not yet been found due to delays in finding suitable resettlement areas and to the fact that an organization to provide technical and financial assistance for this purpose has not yet been established.

Contrary to the provisions of the Plan, certain municipalities continued to sell publicly-owned land in order to improve their financial positions.

In the erection of rural dwellings the system of "Assistance to people building their own houses" (Assistance for Self-Help Method) has been correctly implemented. Thus a small number of model villages were constructed instead of a much greater number of model nuclei in different villages.

After Parliament passes the bills relating to housing, a certain acceleration is expected in the execution of construction programmes. However, the realization of the measures included in the 1963 and 1964

Annual Programmes could have been secured to a large extent through existing means. The elimination of limiting factors is thus of vital importance, and the 1965 Annual Programme emphasises the measures directed to overcome difficulties in execution.

2. Projection of Housing Demand and Supply For 1965

a. Housing demand for the years 1962 - 1965 is shown in Table 210.

TABLE 210 — Domestic Demand Estimates of Housing Sector **(Unit)**

	Quantity				Percentage Changes (Chain Index)		
Dwellings	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**
Urban dwellings	102,967	106,636	111,433	116,469	104	105	105
Rural dwellings	94,250	95,750	97,450	99,150	102	102	102

To obtain a realistic estimate of housing demand, factors such as population increase, natural disasters, expropriation and the construction of 6,000 dwellings for the improvement of squatter houses, have been taken into account in the case of urban demand, and population increase, renovation and disasters in that of rural demand.

b. Housing supply for the years 1962-1965 is shown in Table 211.

TABLE 211 — Domestic Production Estimates of Housing Sector **(Unit)**

	Quantity				Percentage Changes (Chain Index)		
Dwellings	**1962**	**1963**	**1964E**	**1965E**	**1963**	**1964**	**1965**
Urban dwellings	58,748	57,330	59,960	60,950	98	105	102
Rural dwellings	60,000	60,000	61,500	63,037	100	103	103

c. The yearly increase in housing shortage from the difference between demand and supply, is indicated here below :

	1962	**1963**	**1964**	**1965**
Urban	44,219	49,306	51,473	55,519
Rural	34,250	35,750	35,950	36,113

d. This clearly indicates an increasing housing shortage in both urban and rural areas. This trend can only be changed by building a considerable number of social dwellings each year and by reducing building costs through mass construction.

3. Projection of Capital Investment in Housing :

Housing investments for the years 1962-1965 are shown in Table 212.

TABLE 212 — Investment Estimates of Housing Sector (Million TL)

Establishments	Value 1963	Value 1964	Value 1965	Percentage Changes (Chain Index) 1964	Percentage Changes (Chain Index) 1965
Public sector	268	232	134	87	58
Private sector	1,982	2,000	2,300	101	115
TOTAL	**2,250**	**2,232**	**2,434**	**99**	**109**

4. Measures :

a. Research :

(1) Liaison will be ensured between the Turkish Scientific and Technical Research Institute and the Building Research Institute to be established according to the provisions of the 1964 Programme.

(2) Since certain ministries and institutions have more than one research facility in their structure, priority will be given to the merging and co-ordination of such facilities, to avoid duplication.

(3) A working group will be set up with the participation of the representatives of all institutions concerned to adapt the existing regulations and specifications to present conditions. The administration and co-ordination of this group will be undertaken by the Ministry of Public Works.

(4) Studies will be carried out to determine the functions, duties and the reciprocal and successive responsibilities of technical personnel in all phases of dwelling construction.

Measures will be taken, in the private as well as in the public sector, to ensure the participation of the technical personnel in technical services connected with housing in accordance with their respective functions, duties and responsibilities. For this purpose "Sample Contracts" will be drawn up.

This task will be undertaken by a working group consisting of representatives of all the agencies concerned and its co-ordination will be carried out by the Ministry of Construction and Resettlement.

(5) Intensive efforts will be made to continue the research on building material by the General Directorate on Construction Materials of the Ministry of Construction and Resettlement and to establish standards in collaboration with the Turkish Institute of Standards. In the construction of public buildings preference will be given to the use of materials which conform to the standards.

(6) A housing census will be carried out within the 1965 general population census.

(7) A survey on income brackets will be conducted as a basis for a housing market analysis.

(8) A survey on the subject of co-operative housing built with the credits allocated by the Workers' Insurance Institution and covering the types of dwellings, usable areas, occupational groups, income brackets of residents, and similar subjects, will be conducted by the Confederation of Turkish Labour Unions.

(9) The studies on furniture standards for social housing will be completed. Research studies will be made to evaluate the effects of social housing standards on the population density and town planning in the area.

(10) A means of assistance to those who build their own houses (Assistance for Self-Help Method) and an implementation technique suitable to the special conditions of Turkey will be developed.

b Measures related to Financing :

(1) Investments :

(a) All dwellings built by public agencies for the accommodation of their personnel will be constructed according to the social housing standards.

(b) Apartments distributed by various banks as bonuses will be constructed according to social housing standards.

(2) Credits :

(a) To avoid contradictory procedures, all housing credit institutions will be given a similar status.

(b) The Real Estate and Credit Bank will investigate ways and means of securing new financial resources for supporting co-operative housing. In the meantime the Bank will, within its present framework, give priority to the individual contracts of co-operative associates.

(c) Taking into account the considerable savings stemming from mass construction, efforts will be made to promote large scale housing construction directly undertaken by credit institutions. These dwellings shall be built in accordance with social housing standards and economical criteria, and will be distributed to the persons entitled to credit.

(d) At present, the Real Estate and Credit Bank applies two different interest rates to dwellings above and below 100 sq. mt. To give greater effectiveness to this measure, which is aimed at encouraging those holding contracts obtained prior to 1963 to build smaller dwellings, a lower rate of interest will be introduced in favour of dwellings below 63 sq. mt. coupled with a slight raise in the rates pertaining to 63-100 sq. mt. housing.

(e) In addition to the credit ceilings, cost ceilings will also be introduced for dwellings eligible for credit. These ceilings will be determined by the Ministry of Construction and Resettlement.

c) Other Measures :

(1) Ways and means of raising housing capital through local savings funds shall be investigated.

(2) Municipalities will make every effort to prevent the sale of publicly-owned land, especially land on the sea shore. Priority will be given to long-term leases of these plots for touristic purposes.

(3) In the villages and in the use of the Disaster Fund, efforts will be made to ensure a more effective and rational implementation of the "Assistance for Self-Help Method".

The use of the Disaster Fund for purposes other than those prescribed, will be prevented.

(4) To control urbanization at its source, the housing situation and development possibilities of a particular region will be taken into account as effective factors in the selection of locations suitable for employment-creating investment.

(5) A large scale publicity campaign will be initiated for the purpose of bringing the Social Housing Standards to the attention of the people and securing acceptance.

(6) Efforts will be made to implement the Urban Community Development methods for the improvement of squatter housing areas and the resettlement of the people in new residential areas.

(7) Priority will be given to the revision of construction regulations in order to make the necessary changes in any regulations which do not conform to the social housing standards.

SERVICES

A. EDUCATION

1. General Situation :

a. The Development Plan regards education as the most effective medium for establishing the values of the desired new way of life in Turkey. It is also considered as the major tool in meeting the manpower demand arising from economic and social development.

Within the framework of these basic principles, consideration has been given in the Plan to the problem of technical education; to a proper systemizing of technical training for girls and boys in accordance with the needs and possibilities of the advancing economy; to equalizing the educational and training level of schools in various regions and to increasing productivity in schools. Effective measures to secure a balanced distribution of educational services in the above fields and in other fields related to education, were included in the 1963 and 1964 Annual Programmes.

However, it cannot be said that the efforts directed towards these objectives have made any considerable progress, except in the preparation of investment programmes to meet manpower demand.

b. In 1963 only 83 percent of the funds allocated for investment in education were utilized. The rate of implementation was 84.2 percent and 61 percent by the Ministry of Education and the Ministry of Health and Social Aid respectively. Only 30 percent of the investments in agricultural education were realized. This situation is apt to cause delays in the utilization of the other investments in the agricultural sector.

As regards the actual number of students enrolled, the 1963 improvements are considered insufficient in certain educational institutions. Although it was stated in the programme that the enrolment in secondary schools would stay constant, there has been a decrease of almost 3,500 students. Moreover, the additional enrolment of 2,700 students prescribed for the Normal Schools (Teacher Training Schools) was realized by including the day students.

In the 1963-1964 school-year, of the 60 thousand students enrolled at high schools, 30 thousand were taken into lycées so that the registers of the previous year were maintained. The remaining 30 thousand students were channeled towards vocational and technical studies. In this way the number of students in lycées has been reduced to 60 percent of the total number of students in the second term of high-schools, and those in vocational and technical schools has been increased to 40 percent.

One of the main reasons for the shortcomings encountered in the implementation of the investments is that the construction season is not properly utilized due to to delays in project preparation and choice of sites. Even if the greater part of the investments is realized, the late availability of the schools delays the increase of capacity. Another cause for delay is that the required co-ordination between the investing institutions and the departments carrying out the construction has not been established. Long delays occur in the construction of regional boarding schools and the projects cannot be implemented at the desired cost or within the desired time.

In 1964, although a quicker action than in previous years was taken in adjudicating school construction tenders, various problems handicapping the programmes were not, in general, solved. The execution of educational investments in 1964 is expected to mark an improvement over 1963; but it is nevertheless expected to fall short of the programme targets.

2. Investment Estimates in the Education Sector :

TABLE 213 — Educational Investments

(Million TL)

Establishments	Value				Percentage Changes (Chain Index)		
	1962	1963	1964	1965	1963	1964	1965
Public sector	378	592	831	803	157	140	97
Private sector			8	10			125
TOTAL	**378**	**592**	**839**	**813**	**157**	**142**	**97**

a/ *Realization ratio of the private sector investments could not be determined*

3. Measures :

The measures which have to be implemented every year in accordance with Plan principles and which were set forth in the 1963 and 1964 Programmes, will also be applied in 1965. In addition, the following steps will be taken in 1965.

a) Primary Education :

(1) In the academic year 1965-66, a new capacity for 280,000 students will be created in elementary schools.

A certain amount of investment will be retained by the Ministry of Education to eliminate inter-regional differences in the costs of elementary schools and the provinces which cannot realize their programmes within the costs foreseen due to their individual conditions, will be supported. On the other hand, to secure the realization of public participation on a greater scale, construction programmes of rural schools will be submitted to the provinces one year in advance.

The totality of the investment funds allocated from the general budget to the provinces for school construction, will be used for construction and the funds coming from the budgets of private administrations of provinces and from rural budgets will be used for social services.

(2) This year the construction of 10 regional boarding schools will start. Special attention will be given to planning these schools in conformity with the social and economic conditions of Turkey and the needs of the region where they are built.

(3) To prevent the rise of student-teacher ratios in primary schools, the training of temporary substitute teachers will be continued.

Secondary Education :

[illegible] the academic year 1965 - 66, an additional enrolment of [illegible] students will be secured.

(2) Investments in secondary education will be distributed so as to provide inter-regional balance with regard to opportunities for primary school graduates to attend higher schools.

(3) At least 80 percent of the free boarding capacity in secondary education will be reserved for primary school graduates of village schools and, in the distribution of vacancies, priority will be given to the less developed regions.

c) Lycées and Vocational Schools :

(1) In the academic year 1965-66, the enrolment capacity in lycées will be increased by 1,000 students. Demand over and above this amount will be channeled toward vocational and technical education.

(2) Health schools will enroll 500 additional students in the 1965-66 academic year.

(3) 500 additional students will be enrolled in the regional agricultural schools in the academic year 1965-66.

The subject of converting the agricultural schools from secondary to lycée level will be examined.

To fill the agricultural technician shortage more rapidly, arrangements for double-shift training in regional agricultural schools will be implemented.

(4) The enrolment capacity of commercial lycées will be the same in 1965-66 as in 1964-65.

This year no additional student will be enrolled in the secondary level of commercial schools and this capacity will be used for commercial lycées.

(5) In the technical schools of lycée level, 1,000 additional students will be enrolled in the 1965-66 school year.

The two-year training curriculum in boys' institutes had been regarded as insufficient for technical training and in the 1964 Annual Programme it was extended to the equivalent of 4 years through evening courses. However, the implementation results in this field have not been judged successful and the training period in these institutions has been raised from 2 to 3 years. The technician shortage which will temporarily be created by the fact that no-one will graduate from these institutions for one year, will be compensated for by using the workshop and equipment capacity of secondary schools at lycée level. It is expected that the three-year training curriculum will provide technicians with the required skills and qualifications without necessitating additional investments in this field.

To gradually implement the policy of enrolling the graduates of general secondary schools in the boys' institutes of lycée level, the new enrolments in boys' institutes of secondary level will not exceed 4,000 students in the 1965-66 academic year.

(6) The enrolment policy of normal schools with three-year curriculae, will be increased by 3,500 students in the 1965 - 66 academic year.

d. Higher Education :

(1) 500 additional students will be enrolled in training institutes in the 1965-66 academic year.

(2) In higher technical education, the enrolment capacity will be increased by 1,000 students in 1965-66.

(3) In medical personnel training schools, 500 additional students will be enrolled in 1965-66.

(4) As an additional step towards meeting the need for academic staff in higher educational institutions, 600 university graduates will be sent abroad in 1965 for doctoral and specialization studies. The distribution of these scholarships among specialized branches will be determined by the Ministry of Education in conjunction with the State Planning Organization.

Necessary action for the complete utilization of the 600 scholarships will be taken by the Ministry of Education. If all scholarships are not filled by university graduates, lycée graduates will be accepted to fill the quota.

(5) In technical training, research studies will be made to determine the various occupational branches needed to meet the requirements of industry, taking into account regional needs.

(6) Multipurpose studies will be made on the training faculties which are to be established, with the object of supporting the efforts to meet, in a short time, the requirement of qualified teachers to make high-level research on the subject of training, to educate training personnel to increase productivity of training institutions and for securing the most rational use of funds and investments allocated in the plan for the training of teachers.

B. TRAINING IN INDUSTRY

1. General Situation :

Within the industrial sector itself it is important to train rapidly a sufficient number of skilled workmen and foremen having the qualifications required by each branch of industry. The training of supervisors in service-training centres is consequently of vital importance, but efforts in this respect have not been sufficient.

Table 214 indicates the number of enrolments, participants and graduates in 1963 in the vocational courses for mining and industrial organizations employing more than 100 workers.

TABLE 214 — Courses in 1963 in Accordance With Law No. 3457 and Attendance

Name of the Course	Number of Courses held in 1963	Number of Courses completed in 1963	Enrolment		Participants		Graduates	
			Men	Women	Men	Women	Men	Women
Foremen	34	34	787	2	561	2	479	
Qualified workers	43	52	1,266	108	827	49	600	
Apprentices	132	118	1,914	1,044	1,252	679	763	
TOTAL	**209**	**204**	**3,967**	**1,154**	**2,640**	**727**	**1,842**	475

In 1963 in 138 working units, 2,935 workers received improvement training, 321 workers apprenticeship training and 2,714 workers supervisory training. Moreover, 254 foremen were trained to become chief and assistant trainers. The Ministry of Labour, with the co-operation of the Ministry of Education, opened 89 vocational courses and 1,082 participants successfully completed these courses. In 1964, 60 vocational courses have been opened.

As shown in Table 215, in 1963 and 1964 a number of workers from various sectors were also sent abroad to be trained as apprentices, foremen and experts.

TABLE 215 — Workers Sent Abroad for Training in 1963 and the First Five Months of 1964

Subject	Qualification	Number of labourers going abroad	Country of Training Abroad	Duration of Training
Manufacture & repair of transport & equipm.	Foremen	3	England	8 - 10 weeks
Glass & glassware industry	"	3	Germany	8 - 10 weeks
Paper industry	"	6	Austria	8 - 10 weeks
Metal products	"	3	Germany & Italy	8 - 10 weeks
Elect. machinery apparatus, appliances & supplies	"	2	Italy	8 - 10 weeks
Mining	Apprentice	176	Germany	8 - 10 weeks
Tourism	Hotel pers.	7	Italy	6 Months

Moreover, 85 persons were trained as supervisors in courses held during the first half of 1963. In the first five months of 1964 this number rose to 193.

After the bill on "Occupational Education in Working Units" is passed, this number is expected to show a cumulative rise. In this connection, it is necessary to implement the measures regarding area selection and training, contained in the 1964 Programme.

2. 1965 Activities :

a) The bill on "Occupational Education in Working Units" which will replace Law Number 3457, is expected to be passed in due course. In the meantime, all related laws will be re-examined with a view to avoiding duplication and inconsistency.

The efforts to define the functions of skilled workers, foremen and technicians, the standardization of the relevant educational methods and the on-the-job training programmes necessary for these activities will be completed.

As stated in the 1964 Programme, the qualifications of personnel graduating from the various educational courses will be indicated through certificates to be given to graduates. In this respect, the Ministry of Labour will co-operate with the Workers' and Employers' Organizations.

d. The bill on the "Reorganization of Labour Force Training and Occupational Reorientation" which foresees the establishment of an organization responsible for such tasks, is expected to be passed in due course in 1965.

e. Until the last mentioned organization is established, the on-the-job training programmes in the existing establishments or in those to be opened in the near future, will be prepared by the "Executive Committee for Training in Industry" in co-operation with the Workers' and Employers' Organizations.

C. CULTURAL ACTIVITIES

1. General Situation :

Studies on cultural activities have been developed by the State Planning Organization according to the clause in the Constitutional Law stating that "Economic, social and cultural development will be planned. Development will be achieved according to this plan."

Cultural development is considered an objective per se as well as an effective means of comprehensive development.

The main purpose of cultural planning is to integrate the various regional characteristics within a national culture, to establish the most suitable media for cultural development and to raise national culture to a high and permanent level within world culture.

Work is progressing on the short term measures envisaged in the 1964 Annual Programme, such as the improvement of village reading rooms the increased activities of art institutions and the encouraging of various branches of fine arts through state prizes. However, the desired improvement depends upon fundamental changes to be made in the structure of the pertinent organizations and in their whole activities. The multipurpose studies on culture and related subjects should reveal the solutions and measures to be taken. In the 1965 Programme, as in the 1964 Programme, effective measures should continue to be taken so as to secure a better utilization of existing resources.

2. Measures :

a. Reading material and reading rooms :

(1) Research shall be carried out on the set-up necessary to facilitate publication and the increased availability of reading material for a larger number of people.

(2) Publication of material by the Ministry of Education, especially translations of classics and periodicals, has been slow since 1954. Such publication shall be accelerated in future and books now out of print shall be re-printed and made available to a larger number of people.

Similar steps will be taken for the publications of other government organizations.

(3) The increased availability of publications is also an important task. Thus, the activities of the General Directorate of Libraries in establishing and improving book lending services and mobile libraries, will be carried out in co-operation with community development activities.

b. Film Production :

(1) Documentary Films :

Documentary films have an important role in education and training. Organizations requiring such films should apply to the Film-Radio-Graphic Centre in order to receive or to have films made specifically on subjects such as family planning, health, community development and adult education, which are given priority in the Five Year Plan.

(2) Feature Films :

Films of artistic quality will be supported through legal and [illegible] cial measures to be devised according to the findings of the research made in 1964. In order to support development in film production credits will be extended to successful film producers for their next [illegible] productions, and awards will be made.

c. Theatre :

(1) State Theatre :

(a) The General Directorate of State Theatre will extend its activities beyond the main cities for the benefit of other large communities.

(b) The State Theatre, the State Opera, The State Chorus and State Orchestra, organized in small units and avoiding expensive costumes and stage settings, shall tour the provinces during the summer months.

(c) The Bursa and İzmir State Theatres will also organize [illegible] neighbouring provinces during the theatre season.

(2) Municipal Theatres :

(a) An inter-theatre study will be carried out to co-ordinate [illegible] activities of all municipal theatres.

(b) Neighbouring provinces will also benefit from [illegible] theatres.

(3) Regional Theatres :

The bill on Regional Theatres prepared in 1964 will be revised in the light of recent developments so as to meet all requirements.

(4) Private Theatres :

(a) Measures to promote private theatres and to secure the extension of their activities to wider audiences, will be determined in 1964 and implemented in 1965.

(b) Private Theatres participating in festivals organized by the Ministry of Tourism and Information will receive financial support.

d. Music :

(1) The State Orchestra Conservatories and music groups will increase the number and duration of their provincial tours to the benefit of a wider audience.

(2) The research studies made or being made on folk music will be extended, and publications will be increased so as to publicize the various cultural patterns of different regions.

e. Ancient Monuments and Ruins :

Various studies made by government institutions, universities and the State Planning Organization to make better use of ancient monuments and ruins for the benefit of tourism and cultural activities, shall be implemented.

f. Other Fine Arts :

(1) Groups will be organized to carry out research on Turkish folk music and folk dances, to collect the results of past and current research, to evaluate, improve and publicize them. The possibility of centralizing these activities in one institution will be investigated.

The existing educational facilities will be revised to facilitate the achievement of the above-mentioned goals.

(2) Contests will be organized and prizes awarded for painting, sculpture, literature, theatre and music, to stimulate these branches of the fine arts.

Cultural Communication Media :

The cinema and radio will be used in a more effective way to reach and serve more people in accordance with the aims and principles stated in the introductory part of this chapter.

Cultural Centres :

Research studies will be made to determine the sites of the regional cultural centres to be established in accordance with the results of the studies made in 1964. The State Planning Organization will work in coordination with the relevant organizations for the equipping and organizing of these cultural centres. The location of the cultural centres will be chosen in such a way as to benefit the greatest number of provinces, and priority will be given to tourist regions. Use will be made wherever possible of community centres and local voluntary cultural associations.

D. RESEARCH ACTIVITIES

1. General Situation :

The Five Year Plan estimated that institutions of higher education would spend TL 310 million for research over a period of five years (approximately TL 60 million per year). This amount is to be provided through the universities own resources earmarked for research and through government budget allocations

Although the General Budget allocations for research should amount to some TL 20-25 million per year (at 1963 prices), the sums earmarked for research in the 1963 and 1964 university budgets did not exceed TL 10 million. This was due to the fact that universities were unable to present a sufficient number of research projects

The number of research projects undertaken by both the public sector outside the universities and the private sector also falls short of the Plan estimates. This is due to both the shortage of qualified research personnel and to the insufficient importance laid on research by the institutions concerned. Therefore, an additional effort must be made to fulfill the measures envisaged by the 1963 and 1964 Programmes

2. Measures :

a. The research projects of the universities and other institutions of higher education will be assisted by the "Scientific and Technical Research Institute" which was established to select and give priority to research activities necessary for development, and to co-ordinate the work among related institutions

b. Efforts will be made to expedite the passage of a bill concerning the establishment of an "Economic and Social Research Institute" which will perform the above mentioned tasks in the economic and social fields.

c. The Test and Research Bureau of the Ministry of Education will collaborate closely with the State Planning Organization on various research activities to compile and evaluate data At the same time its authority will be used to advantage for Plan requirements

E. TECHNICAL ASSISTANCE

1. General Situation :

The Development Plan lays stress on research, project preparation, the provision of high level expert services for developing sectors and on the training of personnel. As a consequence, the preparation of technical assistance programmes is closely co-ordinated with that of the Annual Programmes.

Turkey is receiving technical assistance from various foreign sources. AID and OECD technical assistance fall within the responsibility of the Ministry of Finance. The Ministry of Foreign Affairs is responsible for the technical assistance activities of organizations such as the United Nations, the Council of Europe, NATO, CENTO and the technical assistance provided by some other governments on a bilateral basis.

Inasmuch as a close co-operation and co-ordination clearly defining the aims, authority and responsibility of each Ministry could not always be secured, in 1962 the State Planning Organization began to participate in the preparation of technical assistance programmes in order to provide the needed co-operation and co-ordination.

Thus, the 1963 and 1964 Technical Assistance Programmes were jointly prepared by the State Planning Organization and the Ministries of Finance and Foreign Affairs. Work on the 1965, 1966 and 1967 Programmes is being carried out in a similar manner.

The State Planning Organization has the authority and responsibility for gathering, screening and evaluating the project proposals of the requesting ministries and institutions, preparing programmes consistent with the strategy and objectives of the Development Plan and establishing the necessary co-ordination of all technical assistance activities. The execution of the programme falls within the responsibility of the Ministries of Finance and Foreign Affairs.

Technical assistance project proposals are evaluated and programmed in accordance with such criteria as the targets of the Plan, the investment capacity envisaged in the Plan and the Annual Programmes, the manpower requirements in relation to the estimated production capacity, the estimated production in sectors and the strategic manpower requirements.

2. Measures :

a. A comprehensive study on the characteristics and effectiveness of technical assistance will be prepared jointly by the Ministries of Finance and Foreign Affairs and the State Planning Organization.

b. Great importance will be laid on the effective implementation of technical assistance programmes. Turkey receives the least benefit from technical assistance as compared with the other less-developed countries.

A substantial portion of the technical assistance funds which are provided by international organizations and certain governments on a bilateral basis, cannot be utilized. In order to remedy this situation, the follow-up and evaluation of projects will be made in close co-operation with the disbursing organization and local executing agencies both during their implementation and at the end of each project. Future programmes will be prepared in the light of these follow-ups and evaluations.

c. The technical assistance expenditures of ministries and of various institutions which are financed by their own budgetary sources will be reviewed and the necessary co-ordination will be established.

F. HEALTH

1. General Situation

A programme of socialization of health services has been introduced to improve the general health standards in Turkey and it is in the process of being implemented. Therapeutic services are being programmed parallel to and as a complementary part of the socialization programme.

To meet technical personnel shortages in the Health Sector the present training and educational facilities are being used to their fullest extent, and new capacity is being created through the measures prescribed in the Education and Manpower Sectors.

Using as a criterion the standards of health services in developed countries, which should be reached in Turkey by 1977, it is estimated that in 1965 there will be a shortage of approximately 9,500 medical doctors and 18,000 supporting health personnel.

In planning the location of new medical schools, the educational potential of large urban centres and the necessity to disperse educational facilities equitably in the country, have to be borne in mind. In 1963 - 1964, the Hacettepe High School of Health Services was converted into the Hacettepe Faculty of Medical and Health Sciences; preparations were made to open the Erzurum Medical Faculty; decisions were taken to convert the Gülhane Military Medical Academy into a military medical faculty and to establish two new medical schools in Haydarpaşa and Diyarbakır.

Various difficulties encountered in this field are delaying the attainment of the Plan and Programme targets. The investments in health by the Ministry of Public Works, are being delayed during the project preparation, adjudication and control phases and, as a result, investments are not being realized within the time limits envisaged by the Annual Programmes.

Standard building schemes are causing difficulties in accommodation since such constructions are not always suitable to different regional climates.

In regions where health services were socialized as envisaged in the 1964 Annual Programme, progress was not made in the co-ordination of such activities as road construction, water, telephone, school and transportation services, thereby losing some effectivess.

Until such time as all public sector health services, with the exception of certain special services of the Ministry of Defence, are centralised, an effective collaboration and co-ordination between all establishments concerned is required. However, this has not been achieved due to indifference and unwillingness.

Some measures have been taken to eliminate the unbalanced distribution of health personnel amongst services, but these measures have not been effectively implemented.

2. Investments

TABLE 216 — Investment Estimates in the Health Sector

(Million TL)

	Values a/			Percentage Changes (Chain Index)	
Sector	**1963**	**1964**	**1965**	**1964**	**1965**
Public	112.2	207.0	246.0	184	118
Private	5.0E	7.5E	10.0	150E	133E
TOTAL	**117.2**	**214.5**	**256.0**	**183**	**119**

a/ 1963 figures indicate the value of realized investments. 1964 and 1965 figures the investment estimates of the relevant Annual Programmes

3. Measures

a. General Measures

(1) Financial Measures

(a) Measures will be taken and incentives offered to keep health personnel in Turkey and within their fields. However, these measures will be considered as a whole without differentiation between benefits and incentives of various establishments. Since all compensation laws of the Ministry of Health and other ministries apply also to the health personnel in developed regions, these laws will be implemented in such a way as to secure a balanced distribution of health personnel in the services within the country, which is the main objective.

(b) Measures to eradicate malaria will be continued within the framework of a joint programme of the Ministry of Health, the World

Health Organization and UNICEF. However, health personnel working on the eradication of malaria and stationed in areas where this programme has entered the maintenance phase, will be transferred to other health services and the funds necessary for such transfers will be allocated.

(c) The programme of socializing health services will be continued. Efforts will be made to meet the personnel requirements of health units by filling the existing vacant posts, and new posts will be created only as a last resort.

(2) Legal Measures

(a) In the studies of the Ministry of Health and Social Welfare, in order to delegate authority and responsibility down to the lowest administrative levels and to carry out Plan principles in health services, efforts will be made to pass the bill setting up a Regional Health Directorate to co-ordinate and control health activities in the provinces.

(b) During the experimental phases in the newly opened medical schools, use must be made of the facilities of the Ministry of Health and Social Aid and of other similar establishments. In the assigment of teaching staff and other personnel to these schools, the joint appointment system will be followed, so that practical difficulties can be avoided. For this purpose, the necessary changes in legislation will be made.

(c) An Inter-Ministerial Committee will conduct research on the possibility of a centralized administration of all hospitals of the public sector with the exception of certain special services of the Ministry of National Defence mentioned in the 1964 Programme. In combining the health services, this Committee will take measures to supervise the benefits for insured persons and to control the functioning of insurance services with democratic but limited methods so as not to impede their operation.

(3) **Administrative Measures** :

(a) The Ministry of Health and Social Aid, with the collaboration of the relevant organizations will determine the maximum number of personnel to be employed in the hospitals connected to various public organizations, taking into account the number of beds in each establishment. Over-staffing in the hospitals of the Ministry of Health and other public organizations will be avoided.

(b) Graduates of the School of Higher Health Administration will be assigned to administrative duties in health services, and health personnel working in administrative posts will be transferred to their specialization fields upon completion of refresher courses.

(c) Work will be carried on to improve hospital administration. Simple and uniform procedures will be followed in the admission of patients, in registration and in statistical and office records. On these questions, the studies by the School of Higher Health Administration will be used.

(d) Efforts will be made to enlarge the "revolving funds" possibilities of hospitals by introducing full-time staff. Hospital administration will thus be facilitiated financially.

(c) Until such time as the management and administration of health services is centralized, measures will be taken to ensure that Public Sector establishments make use of each other's facilities and that vacant beds are put to use. A committee will be set up to establish the necessary co-ordination in this respect.

(f) Prior to the establishment of a central management in the administration of health services, establishments building hospitals will abide by the following rules.

(I) Critical regions excluded, the various hospital services will be concentrated on the same site whenever possible.

(II) The hospitals will be constructed in accordance with the standards recommended by the "Temporary Special Board of Experts on Hospital Building Costs and Standards" set up by the State Planning Organization.

4. Miscellaneous Measures

(a) The eradication of tuberculosis, trachoma, leprosy, syphilis, other venereal diseases, poliomyelitis and other contagious diseases will be carried out according to current programmes. The administration of leprosy centres located in regions where health services have been socialized, will be transferred to health units.

As a measure of hygienic control for the eradication of contagious diseases and pests, hygiene control centres, similar to those in ports and airports, will be set up at the land ports of entry.

(b) Inasmuch as services for child and maternity hygiene in regions where health services have been socialized will be carried out by health units, no new centres, branches, or stations for such services will be opened. Only regulations governing the responsibility of employing firms which open crêches and nurseries, will be maintained.

(c) To ensure the implementation of health unit programmes without delays or impediments, ministries will co-operate closely during the preparation and implementation of Annual Programmes so as to provide the relevant regions with roads, water, telephone services, schools, motor vehicles, personnel and the means to train such personnel. In this respect, priority will be given to the requirements of the Ministry of Health and Social Aid.

(d) Public hygiene training will be continued by increasing the present number and activities of mobile motion picture and demonstration teams, and new health exhibitions will be established.

In co-operation with the ministries concerned, courses on hygiene training will be conducted in provincial centres for primary school teachers, and public hygiene subjects will be included in the curriculae of courses conducted for various other purposes.

(e) To improve the conditions of environmental hygiene, citizens and voluntary organizations will be encouraged, through the application of community development methods as well as by other measures and incentives, to join in health service work.

(f) To train students of medical schools in applied community hygiene and village services, health units will be established in a sufficient number for this objective in the vicinity of medical schools. Medical students will be induced to follow the implementation of the socialization programme in the regions where it has been put into operation.

(g) The Ministry of Health and Social Aid and the Ministry of Labour, will make joint research and detailed cost analyses of the future implementation of the sociliazation programme and the health insurance scheme.

(h) The studies made by the Ministry of Health and Social Aid and the Ministry of Labour, on the measures to be taken to ensure the operation of the system of health insurance and the socializing of the health services will be completed.

b. Investment Measures :

(1) The measures pertaining to the construction of hygiene facilities included in the Development Plan, and the 1963 and 1964 Annual Programmes will be implemented.

(2) In regions where the socialization programme has been put into operation, appropriate health centre buildings will be enlarged and converted into 50-bed regional hospitals, while the remaining buildings will be used as health units.

In 1965, no health centre will be built by the State, but those the construction of which was started by various associations and which would be completed in the course of this year, will be turned over to the Ministry of Health and Social Aid. These buildings will be used as health units and regional hospitals in regions where health services have been socialized.

To ensure the improvement of health services and to encourage the participation of the public in these services in regions where the socialization programme is not yet in force, the work of private organizations will be supported by the Ministry of Health provided that their proposals comply with the health programmes in practice and are capable of meeting, with slight modifications, future developments. Subsidies to such organizations shall not exceed 40 percent of the costs involved in construction. The Ministry of Public Works will be interested in the projects and control of the constructions to be made.

G. SOCIAL SERVICES

1. General Situation

A basic principle of the Development Plan from the social welfare point of view is that this work should be done by the State with the co-operation of voluntary institutions. Although work in this direction is continuing, important developments have not yet been made.

The establishment of the Social Welfare Organization to centrally administer social services and funds, and provide an increase in their efficiency, has been delayed. Activities have therefore been limited.

2. Investments :

TABLE 217 — Investments in the Field of Social Services (Million TL.) (1963 Prices)

	Value			Percentage Changes (Chain Index)	
Establishments	1963	1964E	1965E	1964	1965
Public sector	0.8	4.5	3.6	563	80
Private sector	--	0.5	1.5	—	300
TOTAL	0.8	5.0	5.1	625	102

3. Measures :

a. In 1965 the short-term training of personnel working in the field of social welfare will be accelerated by making use of the first graduates from the Academy of Social Services.

b. Guidance of and co-operation with the various voluntary institutions will be developed.

Associations which are working outside the circle of their social aims will not be supported. The legislation in this field will be amended so as to meet requirements.

c. The results of the work of the committee established to determine the exact number of rehabilitation programmes required for the handicapped, will be evaluated and the necessary decisions taken.

d. Preparations for the establishment of Juvenile Courts will be completed and the methods of operation both at the central as well as the provincial level determined. Efforts will be made to secure approval by Parliament of the bill regarding Juvenile Courts.

H. OTHER PUBLIC SERVICES

1. General Situation :

The place of public services within the Development Plan can be summarized from two points of view. Firstly, economic development is possible only when public services are extended to wider areas and improved. Secondly, the distribution of investments in public services plays an important role in the reduction of inequalities between regions and social groups, one of the main objectives of the Plan.

Topics considered within this section are drinking water, administrative buildings, city sanitation and sewerage, other municipal services, mapping, registry and cadastre services, reconstruction and maintenance plans, commercial services and infra-structure services.

2. Investments :

According to the objectives of the Plan, investments in this group, like those in other public services, follow an order of priority which will permit the most suitable distribution to underdeveloped regions. This implementation, which took place in the 1963 and 1964 Programmes has been expanded in the 1965 Programme. In addition to these, an activity programme showing these priorities according to the distribution of investments concerning public services has been completed by the State Planning Organization.

The expected investments in "other" public services and their comparison with the preceeding years are shown in Table 218.

TABLE 218 — Investment Estimates in "Other" Public Services (Million TL.)

	Value			Percentage Changes (Chain Index)	
Establishments	**1963**	**1964**	**1965**	**1964**	**1965**
Public sector	494.4	430.8	637.4	87	147
Private sector	11.0	10.0	38.5	91	385
TOTAL	**505.4**	**440.8**	**675.9**	**87**	**153**

3. Measures :

a. General Measures :

In conformity with the objectives of the Plan, the investments under these heads should be made more productive by eliminating unnecessary expenditure, by giving more importance to research, by encouraging and making full use of the voluntary participation of the public and by using the allocations reserved for this subject in a more efficient way. For this reason the measures mentioned separately in the 1964 Programme for project preparation, the criteria for the selection of projects, voluntary participation, cost calculations, and borrowing by municipalities will be improved upon and continued in the light of last year's experience.

b. Drinking Water :

(1) According to the 1964 Programme, the local provincial administrations are responsible for drinking water investments. To provide for efficient local participation the related ministries will contribute technical aid to these investments. Drinking water in group villages and in the villages where technical difficulties in construction are encountered will be dealt with by the İller Bank and the Ministry of Village Affairs with the close co-operation of the local administrations.

(2) The State Hydraulic Works, the İller Bank and Topraksu will provide technical assistance for the drinking water investments of local administrations, and conduct drinking water research in addition to their other drinking water activities. In relation to this subject, an Inter-Ministerial Co-ordination Board will be established.

(3) Total cost and the investment requirement of future years will be taken into account in the selection of drinking water projects to be included in the Annual Programmes as a result of public participation in such projects.

c. Administrative Buildings :

(1)The measures outlined in the 1964 Programme to avoid luxury construction, to decrease construction costs and to save time, will continue to be carried out.

(2) A survey will be undertaken throughout the country to determine the inventory, demand, costs and project standards of administrative buildings.

d. City Sanitation, Sewerage and other Municipal Services

(1) Importance will be given to the standardizing of services, and the voluntary participation of the public in municipal services will be encouraged.

(2) Periodic statistical studies will be made showing the situation of municipal services throughout Turkey and these studies will be published.

(3) Priority will be given to training technical personnel for municipal work.

(4) The legislation pertaining to the functioning of municipalities will be re-examined and amended, whenever necessary, so as to enable them to provide a more efficient service.

(5) Municipalities are responsible only for local activities. Activities of a non-local character will be transferred to the central administration while, conversely, activities of a local nature will be transferred within the scope of the municipalities.

e. Mapping, Registry and Cadastre :

(1) Photographic methods will be used to accelerate cadastral mapping. Cadastral services will be improved and made more efficient. Measures forecast in the 1964 Programme will be carried out.

(2) Field work will be increased and the personnel supplied with more equipment.

(3) An inventory and periodic statistical studies will be started.

(4) The "Cadastre, Mapping and Reconstruction Plans Co-operation and Planning Organization" which is envisaged in the 1964 Programme and its co-ordination with the "Inter-Ministerial Mapping Activities Planning Co-ordination Committee" will be ensured by the State Planning Organization.

f. Reconstruction Plans :

(1) An examination of the inventory and periodic statistical studies concerned with the subject will be started.

(2) A close relationship will be established between provincial construction plans and regional plans. This relationship will help to :

a. Regulate settlement on a regional basis.

b. Determine places which are potentially suitable for development

c. Make use of the economic and social research undertaken for regional planning to assist in city planning

(3) A study will be started on an investment programme covering a longer period and being broader in scope than the existing four-year reconstruction programmes.

(4) Efforts to improve the understanding of the concept of reconstruction in municipalities through the training and co-ordination of the staff will be made.

(5) Regulations relating to reconstruction and related departments will be amended in order to accelerate the preparation of plans for approval and other formalities such as the preparation, reorganization and the improvement of previous criteria. In these studies, according to the growth and character of the cities and towns the above-mentioned formalities will gradually be simplified and improved so as to obtain speedy results.

(6) Short and long-term training programmes will be arranged for city planners. The techniques of preparing and implementing reconstruction plans will be simplified in view of the lack of personnel.

PART IV

I

FINANCING THE PROGRAMME

A. FINANCING THE PUBLIC SECTOR

1. GENERAL SITUATION

The financial aspect of the Five Year Plan was considered in a long-term setting and its fundamental principles were laid down accordingly.

The long-term principles can be summed up as development without inflation and maintenance of the savings-investment equilibrium. In the Plan it is contemplated that short-term difficulties arising from inflationary and deflationary tendencies should be dealt with in the Annual Programmes. The means envisaged in the Annual Programmes for this purpose should be effective, efficient and flexible, and the required measures should be taken at the right time.

The most important problem of financing encountered during the implementation of the 1963 and 1964 Programmes, was the persistent lagging of public revenue behind the programme targets, in spite of considerable increases in tax revenues which resulted from the imposition of new taxes. Table 219 shows clearly this tendency for 1962, 1963 and 1964.

One of the reasons for the under realization of public expenditure targets is this shortfall in revenue targets. The development of public expenditure during the same period is shown in Table 220.

The shortfall in public expenditure targets impedes the development process because of the importance of the share of the public sector in the economy.

TABLE 219 — Public Revenue Targets and Realization

(At Current Prices)

	General and Annexed Budgets	Local a/ Administrations	State Economic Enterprises	Administration with Revolving Funds	Total
1. 1962					
a. Programme	10,496	1,846	501	188	13,031
b. Realization c/	— 9,314	— 1,092E	— 327	— 118	— 10,851
c. Lag	1,182	754	174	70	2,180
d. Realization percentage	89	59	65	63	83
2. 1963					
a. Programme	12,563	2,061	856	287	15,767
b. Realization	— 11,832	— 1,206E	— 816	— 242	— 14,096
c. Lag	731	855	40	45	1,671
d. Realization percentage	94	59	95	84	89
3. 1964					
a. Programme	14,020	1,679	1,458	265	17,422
b. Realization b/	— 12,729	— 1,298	— 750	— 265	— 15,042
c. Lag	1,291	381	708	—	2,380
d. Realization percentage	91	78	51	100	86

---

a/ Exclusively own resources. Loans obtained from Provincial Bank excluded.

b/ First estimates based on revenue collected by end of July 1964.

c/ 1963 figures are provisional.

TABLE 220 — Public Expenditure Targets and Realization

(At Current Prices)
(Million TL.)

	General and Annexed Budgets a/		Local Admin.		State Economic Enterp.	Revolving Funds	Total Current Expen.	Total Investments	Total Expenditures
	Cur.	Invest.	Cur.	Invest.	Invest.	Invest.			
1. 1962									
a. Programme	8,440	2,567	1,355	481	1,773	188	9,795	5,009	14,804
b. Realization	— 7,260	— 2,247	— 708	— 342	— 1,529	— 118	— 7,968	— 4,236	— 12,204
c. Lag	1,180	320	647	139	244	70	1,827	773	2,600
d. Realization percent	86	88	52	71	86	63	81	85	82
2. 1963									
a. Programme	9,995	3,024	1,560	501b/	1,941	266	11,555	5,732	17,287
b. Realization d/	— 8,850	— 2,834	— 728	— 432	— 1,692	— 242	— 9,578	— 5,200	— 14,778
c. Lag	1,145	190	832	69	249	24	1,977	532	2,509
d. Realization percent	89	94	47	86	87	91	83	93	85
3. 1964									
a. Programme	10,457	3,563	1,150	529	2,692	265	11,607	7,049	18,656
b. Realization	10,096c/	..	— 729	540	..	..	10,825	..	..
c. Lag	361	..	421	+ 11	..	..	782	..	..
d. Realization percent	97	..	63	102	..	..	93	..	..

a/ *Transfer payments and expenditures for capital formation are included in current expenditures. Expenditure targets refer to total appropriation, additional appropriations included. Realization figures for current expenditures are based on accruals.*

b/ *Revised programme is TL. 361 million.*

c/ *This figure is obtained by adding the budgetary figure for current expenditures and transfer payments, which amounted to TL. 10.457 milion, to the additional appropriations granted by the end of July, 1964 which amounted to TL. 309 million (altogether 10,766), and by deducting the expected savings that could be realised by the end of the fiscal year.*

d/ *As "Computation period" has not yet come to an end, 1963 realization figures are provisional.*

One of the reasons for the beginning of the mild recession observed in the first half of 1964 was the cut in public expenditures in order to compensate for the probable lag in income of State Economic Enterprises and the budget behind Programme targets.

Moreover, when revenue and expenditure targets are not fulfilled in preceding years it is difficult to set targets and achieve them in succeeding years.

One of the most important problems of public finance is the lack of a rational and efficient distribution of functions and financial resources among administrations with general and annexed budgets, local administrations, State Economic Enterprises or administrations with revolving funds.

The above mentioned problems of public finance hinder the achievement of economic and social targets of the Plan on the one hand and on the other, restrict the effective use of fiscal policy.

2. FINANCING OF THE PUBLIC SECTOR

Expenditure and revenue targets of the public sector are shown in Table 221.

TABLE 221 — Expenditure and Revenue Targets of the Public Sector

	General & Annexed Budgets	Local Administrations	Revolving Funds	State Economic Enterprises	Total
PUBLIC EXPENDITURES					
1. Current expenditures	7,800	690			8,4
2. Investment expenditures	3,930	575	286	2,909	7,70
3. Capital formation & transfer	3,570	110		759	2,92
TOTAL EXPENDITURES	**15,300**	**1,375**	**286**	**2,150**	**19,111**
PUBLIC REVENUE					
1. Tax Revenue	10,800				10,8
2. Budgetary Revenue other than Tax Revenue	1,700				1,70
3. Counterpart funds & project financing	1,700			325	2,0
4. Own resources & funds	—	1,428	324	1,825	3,57
TOTAL REVENUE	**14,200**	**1,428**	**324**	**2,150**	**18,102**
ADDITIONAL FINANCING REQUIRED	1,100	−53	−38		1,00
TOTAL	**15,300**	**1,375**	**286**	**2,150**	**19,111**

Table 221 shows that, in order to realize the investment required from the public sector according to the 1965 Programme and to accommodate the necessary public services, additional finance amounting to TL. 1 billion is required. This deficit, computed as the excess expenditure uncovered by revenue, is TL. 1.1 billion for general and annexed budgets, which in aggregate reduces to TL. 1.009 million as a result of the surpluses of local administrations in villages and administrations with revolving funds.

TABLE 222 — Realization of Public Revenue Targets of the Plan a/

(Million TL.)

Kinds of Revenue	1963 Target as percentage of GNP	1963 Target (Million TL.)	1963 Realiza-tion	1963 Short-fall	1965 Target as percentage of GNP	1965 Target (Million TL.)	1965 Realiza-tion	1965 Short-fall	1964 Target as percentage of GNP	1964 Target (Million TL.)	1964 Realiza-tion	1964 Short-fall
1. PUBLIC REVENUES												
a. Tax revenue	15.95	10,010	8,419	1,591	16.74	10,926	9,527	1,399	16.93	11,824	10,800	1,024
b. Revenues other than taxes	1.74	1,092	1,424	—332	1.71	1,196	1,442	—326	1.67	1,166	1,513	347
c. Savings bonds	0.95	596	472	124	0.95	620	525	95	0.95	663	525	138
d. Counterpart funds and project credits	2.50	1,569	2,026	—457	2.60	1,697	1,900	—203	2.16	1,509	2,025	516
e. State Economic Enterprises and own resources	1.19	747	816	— 69	1.59	1,038	750	288	1.57	1,096	1,825	729
f. Local administrations	2.55	1,600	1,206	394	2.55	1,664	1,298	396	2.55	1,781	1,428	353
g. Funds with unknown sources	1.48	929	—	929	0.30	196	—	196	0.70	489	—	489
TOTAL	**26.36**	**16,543**	**14,363**	**2,180**	**26.44**	**17,257**	**15,442**	**11,815**	**26.53**	**18,528**	**18,116**	**412**
2. EFFECT OF PUBLIC DEBTS b/	1.56	979	1,234	255	1.24	809	1,278	469	1.33	929	1,875	946
3. DIFFERENCES FROM REVENUE TARGETS				2,435				2,284				1,358

a/ *GNP figures, used in computing targets in absolute terms, are TL. 62.759 million in 1963, TL. 65.260 million in 1964, and TL. 69.840 million in 1965, at 1963 prices.*

b/ *The estimates for public debt payments of the plan are revised using data available at the time of preparation of Annual Programmes. As a result of these revisions debt payments have increased. Since the major portion of state debts are foreign, revisions lead to a rise in the revenue targets.*

a. Reasons for Deficit :

The deficit as shown in the column for general and annexed budgets arises from shortfalls in tax revenue and other revenue targets and the excess debt burden unforeseen in the Plan.

In the Plan the tax revenue target which was computed in absolute figures at constant 1961 prices and as a percentage of the GNP, was estimated at TL. 11. 824 million. However, the estimated tax revenue for 1965, without any change in the existing taxation system, is TL. 10.8 million. Accordingly, in 1965 tax revenue will fall short of the Plan target by TL. 1 billion.

Other than tax revenue, revenues of local administrations, savings bonds and other funds lag behind Plan targets

As local administrations have not been provided with resources to match the functions expected of them, they are compelled to approach the central Government for their additional financial requirements.

Since debt payments are taken into account in computing public expenditure targets, the excess debt burden affects the level of finance requirements.

It is a well-known fact that in the 1950's, the accumulated foreign debt far exceeded the debt-payment capacity of the economy and as a consequence consolidation of foreign debts in 1959 followed. As a result of consolidation, debt payments were deferred until the Plan period. Revision of public debt payments showed that actual figures are considerably above the figures of the Plan. Excess of public debt over the Plan estimates was TL. 255 million in 1963, TL. 469 million in 1964 and will be TL. 946 million in 1965.

As a result of the TL. 1.149 million foreign debt of general and annexed budgets due in 1965, financing targets will have to be raised.

As a result of increased foreign debts payable in 1965 and a shortfall of public revenue, the deficit of the public sector amounts to TL. 1.009 million. A preliminary estimate of this deficit has been computed using data available as at the end of July 1964. During the preparation of the budget, a final estimate of the deficit will be made taking into account the development of the economy and public revenue, and measures will be taken to cover it.

b. Covering the Deficit :

Realization of Plan targets in 1964 and 1965 depends mainly on the solution of financial difficulties in the public sector. In order not to endanger investment and expenditure programmes in 1965, it is considered urgent to take the measures necessary to exhaust the deficit before 1965. If the multiplier effect of public expenditure is also taken into account, it is clear that the development process greatly depends on the attempts that will be made to cover this deficit.

It is necessary that the measures that will be taken to cover the deficit should conform to principles of the Plan which apply to public revenue. As a consequence the following means are available to provide the additional finance required.

(1) Taxation :

Taking into consideration that, in 1963 and 1964 additional financial requirements for the implementation of the Plan were met by new, and particularly indirect, taxes for 1965, it is deemed necessary not to resort to the levying of new taxes, but to increase the yield of the existing taxation system by removing loopholes, irrationalities in the system and by improving the efficiency of the tax administration. It is estimated that if tax measures based on the above principles are taken before 1965, some portion of the deficit can be covered in this way.

(2) State Economic Enterprises :

It is considered an urgent requirement from the point of view of preventing an increase in the deficit, to reduce the losses of State Economic Enterprises and then to generate adequate resources to finance their investments.

(3) Local Administrations

The efforts made to increase revenues of general and annexed budgets in 1963 and 1964 should be applied to local administrations whose revenues persistently fall short of Plan targets and these administrations should be provided with adequate financial resources.

(4) Public debt payments in 1965 should be carefully observed. If external debt payments are deferred within the year, the required changes in the implementation of the budget should be made.

TABLE 223 — Expenditure Targets and Revenue Estimates of General and Annexed Budgets : a/

	1964	1965	Difference	Percentage Difference
EXPENDITURES				
1. CURRENT EXPENDITURES	7,331	7,800	+ 469	+ 6.4
a. Expenditures of developmental nature	2,827	3,150	+ 323	+ 11.4
b. Other current expenditures	4,504	4,650	+ 146	+ 3.2
2. INVESTMENTS	3,563	3,930	+ 367	+ 10.3
3. TRANSFERS AND CAPITAL FORMATION	3,127	3,570	+ 443	+ 14.2
a. Debt payments	1,278	1,875	+ 597	+ 46.7
b. Expropriations	187	200	+ 13	+ 7.0
c. Transfers to private and public organizations	962	736	— 226	— 23.5
d. Transfers to SEE				
(1) Provisions for loss	385	400	+ 15	+ 3.9
(2) For capital formation	315	359	+ 44	+ 14.0
GRAND TOTAL	**14,021**	**15,300**	**+ 1,279**	**+ 9.1**
REVENUES	12,729	14,200	+ 1,471	+ 11.6
1. TAX REVENUE	9,527	10,800	+ 1,273	+ 13.4
a. Direct Taxes	3,080	3,570	+ 490	+ 15.9
b. Indirect Taxes	6,447	7,230	+ 783	+ 12.1
2. BUDGETARY REVENUE OTHER TAXES	1,702	1,700	— 2	— 0.1
a. Savings bonds	525	525	—	—
b. Other budgetary revenue	640	622	— 18	— 2.8
c. Revenue of annexed budgets	537	553	+ 3	+ 3.0
3. COUNTERPART FUNDS AND PROJECT CREDITS	1,500	1,700	+ 200	+ 13.3
ADDITIONAL FINANCE REQUIREMENT	1,292	1,100	— 192	— 14.9

a/ *Expenditure and revenue estimates are based on information and data available at the end of July 1964 and on the assumption that the existing system will persist.*

Moreover, adverse effects of internal debt payments to private institutions and individuals should be compensated for by new loans. If these rules are not observed, public debt payments may lead to a decline in economic activities.

If the measures mentioned above are taken at the right time, i. e. before the 1965 fiscal year, and effectively exercised, the additional financing required will be provided and possibly adverse effects of the deficit on the economy will be checked.

3. GENERAL AND ANNEXED BUDGETS

With regard to the implementation of the 1963 and 1964 general and annexed budgets, the most important problem was the shortfall in revenue. In order to effect savings and to bring expenditures into line with revenues, budget expenditures were reduced. However, the effect of cutting a proportional amount from all expenditures was, on the one hand to hinder public services and on the other, to lower the level of aggregate demand.

Moreover, the practice of granting additional appropriations within the fiscal year, the revenue counterpart of which either is not procured or is provided out of the savings generated by cuts in budgetary expenditures, still continues, although to a lesser degree than in the past. During the period of implementation, these diversions from budgets which have been prepared in compliance with Annual Programmes and which have been related to programme targets and principles, result in the budget failing to fulfil the economic functions assigned to it.

Table 223 shows expenditure targets and revenue estimates for 1965 as compared with 1964.

a. Expenditures in the General and Annexed Budgets :

In establishing the expenditure targets for 1965, an attempt is made to realize investments programmed in the Plan for 1965, to cater for increased public services of a developmental nature and to keep other current expenditures at the minimum level possible. In 1965 total budgetary expenditures are 9.1 per cent greater than in 1964.

Current expenditures are fixed at TL. 7.8 million, implying an increase of TL. 469 million at the rate of 6.4 percent. In observing this limit, current expenditures will as a rule be kept at their previous year's level and only increases stemming from new expenditure acts will be permitted. Taking into account the cut in current expenditures which is going to be exercised in 1964, current expenditures will actually increase by more than TL. 469 million in 1965.

Investments of general and annexed budgets will be TL. 3.930 million implying an increase of 10.3 percent compared with 1964.

Transfer payments and transfers for capital formation have increased by 14.2 percent due to an increase in debt payments and transfers to State Economic Enterprises. With the exception of these two items, i. e. public payments of transfers to State Economic Enterprises, transfer payments will be kept at their previous level.

b. Revenue :

Revenue estimates of general and annexed budgets for 1965 are summarized in Table 223. The revenues consisting of tax revenue, other budgetary revenue and counterpart funds are estimated to amount to TL. 14 2 million in 1965. Estimates are based on data available at the end of July 1964 and due consideration is paid to new tax laws enacted in 1964. In 1965, budgetary revenue will increase by 11.6 percent compared with revised estimates for 1964. Besides the normal increase in tax revenue, it will be possible to raise an additional TL. 300 million by means of rationalizing and improving the tax laws and administration without imposing new taxes.

c. Expenditure Revenue Balance :

The estimated additional financial requirement, mentioned above, is a preliminary estimate and will be revised during the preparation of the budget and financing programmes of State Economic Enterprises. The deficit thus computed will be covered by the revenue raised through the improvements of the existing taxation system and tax administration and by deferring external debts. The balance of the deficit will be offset by means of new internal loans.

d. Measures for General and Annexed Budgets :

(1) Measures related to economic functions of the budget.

The mild recession observed in 1964 showed that over a short period not only monetary policy but also budgetary policy should be flexible and be used effectively. Therefore, defrayal of budgetary expenditures and revenue collection, should be arranged in a way most beneficial to sustaining an increasing growth rate. The following measures will be taken to this purpose :

(a) The fiscal and calendar years should coincide.

(b) The distribution and spending of appropriation should be flexibly arranged and should be speeded up or slowed down whenever equilibrium of economy requires it.

(c) The relations of the Treasury with the Central Bank should be reorganized as put forward in the section on monetary policy.

(d) The distribution of appropriations and the flow of funds should be rearranged and emphasis should be given to the defrayal of expenditures in due course.

(2) Measures that will promote the efficiency of the budget.

The general budget has lost its flexibility because of the importance laid on traditional expenditure items and transfers. The following measures will be taken in order to initiate a dynamic and efficient budgetary administration :

(a) In order to economize in current expenditures, the work on the reorganization of the central government will be speeded up and efficiency in public services will be increased.

(b) The distribution of revenue and functions between the central Government and local administrations should be reorganized and each administrative unit should be supplied with adequate financial resources corresponding to the functions expected from it.

(c) The revenues of annexed budgets should be increased by charging market prices for services rendered.

(d) The measures put forward in the 1963 and 1964 Programmes in order to secure efficiency and economy in budgetary expenditures should be observed and the work on functional budgets should be developed. Economic and technical efficiency checks should be carried out during the execution of the budget.

(3) Tax Measures :

It is considered important to acquire an elastic income tax structure, in order to raise the additional revenue required to finance development and to improve the income distribution as envisaged in the Plan. For this purpose it is necessary to improve the taxation system continually and adapt it to changing economic conditions.

In 1963 and 1964 new taxes were levied to finance public sector expenditures. Although the increase in tax revenue thus obtained is considerable, the tax revenue still falls short of plan targets. The share of indirect taxes in tax revenue has risen considerably, particularly as income tax revenue has not reached the expected level.

The existing tax structure does not act as a built-in stabilizer and does not encourage the allocation of resources to fields envisaged in the Plan. In under-developed countries, since the effectiveness of monetary policy becomes predominant. Therefore, the work on tax reforms should continue - with emphasis on rationalizing the system and improving its efficiency - and budgetary revenue should thus be increased and tax evasion and unfair competition should be removed.

(4) Measures to increase efficiency in tax administration and financial jurisdiction.

(a) The results of the research on the improvement of tax offices should be implemented.

(b) Measures will be taken to make tax control more effective, to secure co-ordination among various tax control authorities and to raise the tax return auditing ratio in cities where it is low.

The system of financial archives will be enlarged taking into account the cost and the benefit derived therefrom.

(c) The financial jurisdiction which operates very slowly and inefficiently, will be reduced to two stages and measures will be taken to improve the efficiency and competence of the personnel.

(d) Measures stated in the 1964 Programme with respect to financial jurisdiction and efficiency in the taxation system will be implemented.

(5) Other Financial Measures :

(a) Studies in savings bonds should be developed and put into effect.

(b) Measures will be taken to increase income derived from public property.

(c) All public agencies should co-operate with the tax administration.

4. LOCAL ADMINISTRATIONS

In the Development Plan it is laid down that local administrations will be made financially self-sufficient by providing them with new resources.

TABLE 224 — Revenue and Expenditures of Local Administrations (1960 - 65)

(At Current Prices)
(Million TL.)

	1960	1961	1962	1963	1964E	1965E
1. REVENUES (Own Resources)						
a. Provinces	185.5	294.4	249.2	279.2	291.9	307.5
b. Municipalities	918.0	644.3	698.4	759.5	826.0	916.0
c. Villages	135.5	149.6	144.3	167.6	180.4	204.2
T O T A L	**1,239.0**	**1,043.3**	**1,091.9**	**1,206.3**	**1,298.3**	**1,427.7**
I n d e x	100.0	84.2	88.1	97.4	104.8	115.2
2. EXPENDITURES						
a. Current						
(1) Province private admins.	132.5	178.1	178.0	199.4	193.0	204.0
(2) Municipalities	..	467.7c/	403.7	373.9	365.0	425.0
(3) Villages	55.0	45.3	36.6	55.8	60.0	60.0
(4) Debt payment (Municipalities)	..		89.5	97.6	111.0	111.0
T O T A L	..	**691.1**	**707.8**	**726.7**	**729.0**	**800.0**
b. Investments						
(1) Province private admins.	45.5	61.3	61.2	55.8	98.9	103.0
(2) Municipalities		176.6	205.0	288.0	350.0	380.0
(3) Villages	66.0	104.3	75.8	88.5	91.1	92.0
T O T A L	..	**342.2**	**342.2**	**432.3**	**540.0**	**575.0**
TOTAL EXPENDITURES	**1,217.0**	**1,033.3**	**1,050.0**	**1,159.0**	**1,267.9**	**1,375.0**
GENERAL INDEX	100.0	84.9	86.3	95.2	104.2	113.0

a/ *Surpluses are carried forward*

b/ *Investment* [illegible] *computed by applying the ratio given in the 1963 Programme to their actual revenues*

c/ *Debt payments included*

Because of the inadequacy of their revenues, the sluggishness the local administrations show in keeping pace with the growth rate of the economy and the heavy debt burden they carry, they are not in a position to supply the services required of them.

In this context, it is an important matter to re-arrange the allocation of functions and funds between the central Government and local administrations.

Revenue and expenditure estimates of local administrations in 1965 as compared with previous years are shown in Table 224.

a. Expenditures of local administrations :

As may be observed in Table 224, current expenditures of local administrations will rise by 7 percent in 1965 compared with 1964, the major portion of the rise going to the municipalities.

The investment expenditures of local administrations will amount to TL 575 million, a rise of 9 percent.

The distribution of the investments of those administrations among sectors is shown in Table 225.

TABLE 225 — Sectoral Distribution of Investments by Local Administrations

(At 1963 Prices)

Sector	Amount	Percentage ratio
Agriculture	20	3.5
Mining	5	0.9
Manufacturing	20	3.5
Transport	95	16.5
Power	100	17.4
Tourism	20	3.5
Housing	75	13.0
Services	240	41.7
TOTAL	**575**	**100.0**

b. Revenues of Local Administrations :

As may be observed in Table 224 revenues of local administrations show only a slight increase from year to year, even at current prices.

It is considered an urgent requirement to provide local administrations with adequate funds to enable them to perform the duties expected from them to meet the increasing service demands.

c. Measures :

(1) Studies on the reorganization of local administrations will proceed giving due emphasis to the allotment of local public services to those administtrations with adequate revenues.

(2) Of the measures prescribed in the 1964 Programme the following will be emphasized and the required work for them completed :

(a) Duties collected by provincial administrations will be revised.

(b) A municipal tax covering all citizens living within the boundaries of municipalities will be levied.

(c) A Real Estate Tax draft bill will be enacted in 1965 and it will be arranged so as to yield an immediate increment in revenue.

(3) Current expenditures of these administrations will not be increased unless real necessity demands it. In re-organization efforts, ways and means will be investigated to economize on current expenditures through reductions in staff.

The Provincial Bank will take measures to ensure that municipalities participate in the projects financed by it at the maximum rate financially possible.

(4) As prescribed in the 1964 Programme, in order that the implementation of programmes may be closely observed and that efficiency in the administration of the budget is secured, the budget items of these administrations will be classified as current expenditures, investments and transfers.

(5) Public utilities owned and managed by municipalities shall charge fees and tariffs at rates that will not incur losses.

(6) Legal measures will be taken to effect an important increase in municipal incomes by putting into effect a general sales tax of 1 per cent. The tax will be collected in advance against receipts and stamps from sellers who make cash sales. In the case of invoiced sales, the tax will be taken from monthly declarations.

(7) A municipal duty shall be levied on non-municipal passenger transport vehicles and vehicles not otherwise subject to transport tax

(8) Municipalities shall sell any of their land that they are free to sell and with the income thus obtained invest in properties that will increase in value. In this way they will develop the city and improve the organization of municipal services.

(9) A service fee shall also be levied on those people who benefit temporarily from municipal services.

(10) The entertainment tax system shall be reorganized.

5. STATE ECONOMIC ENTERPRISES

a. General Situation :

In the Five-Year Plan, State Economic Enterprises are given the responsibility of operating in a competitive market and running on profitable and efficient lines, so as to create the additional funds necessary for financing the investment programmes.

Reorganizing the State Economic Enterprises in order to eliminate heavy financial losses and to produce more funds is of great importance from the point of view of financing the the Five-Year Plan and the Programmes. Any failure in achieving these targets will require that even more efforts will have to be made to enforce taxation, or investment targets will have to be reviewed.

In the first year of the Five-Year Plan period, the performance of the State Economic Enterprises showed an improvement by comparison with previous years.

However, it cannot be said that the State Economic Enterprises have yet achieved the desired operating conditions. Some of the measures through which it was anticipated that funds could be created were not implemented as programmed. For example, the Enterprises have not yet disposed of their excessive and heavy inventories. It is estimated that the excess inventory carried by the SEE totals over TL. 1 billion. The excess inventories of Sümerbank, Etibank and the Machinery and Chemical Industry Corporation are particularly significant.

During the period of the 1965 Programme, related Enterprises are expected to reduce their inventories to normal levels.

b. The funds to be created by the Enterprises in 1965.

Assuming that all the financial measures recommended in the Plan, Programmes and the interim reports will be implemented in the Programme period, it is estimated that the SEE will create TL. 1 billion 825 million worth of funds, the funds of the State Investment Bank, the Workers' Insurance and Pension Fund being included in this sum.

The funds that are to be created by SEE in 1965 are shown in comparison with previous years in Table 227. As seen from the table, the total funds to be created by SEE in 1965 show a substantial increase and exceed the level of 1964 and the Plan targets.

c. Investments in 1965.

The total investment of the SEE is programmed at TL. 2.909 billion in 1965. The share of each institution in total investments is given in Table 228.

d. Financing the Investment Programme:

The investments of SEE programmed for 1965 will be financed from the sources shown in Table 229. 63 percent of the total investment to be realized by SEE will be financed through fonds generated by the Enterprises themselves.

After excluding project credits amounting to TL. 325 million, the remaining financial needs of the SEE calculated at TL. 759 million, will be met from the general budget.

TABLE 227 — The Creation of Funds by SEE in 1965

(With Current Prices)
(Thousand TL.)

Enterprises	1962 (Actual)	1963 (Actual)	1964 (Estimated)	1965 (Estimated)
Sümerbank	+ 1,200	+ 23,384	+ 25,780	+ 50,000
Etibank	+ 116,800	+ 115,238	+ 109,200	+ 60,000
Turkish Coal Corporation	+ 1,900	+ 18,410	+ 75,000	+ 100,000
Iron and Steel Mills Cor	+ 57,300	+ 64,388	+ 96,300	+ 100,000
Cement Industry Co.	— 22,300	+ 19,044	+ 35,405	+ 20,000
Ankara Cement Co	+ 5,200	+ 6,714	+ 8,700	+ 13,000
Nitrogen Industry Co.	— 82,300	— 45,066	— 40,400	— 41,500
M. K. E. K.	— 177,600	— 121,066	— 101,000	— 85,000
Pulp and Paper factories	+ 15,500	+ 11,585	+ 27,800	+ 30,000
Turkish Petroleum Co	+ 44,200	+ 80,898	+ 106,100	+ 117,000
Turkish Sugar Co	— 95,300	+ 7,326	+ 67,400	—
Turkish Air Lines	— 2,100	— 20,382	— 26,000	— 21,500
Turkish Maritime Bank	— 9,000	— 51,157	— 6,900	+ 50,000
Turkish Maritime Lines Co.	+ 2,700	—	+ 10,700	—
State Railways	— 135,000	— 228,539	— 252,500	— 222,000
Post, Telephone, Telegraph	+ 24,000	+ 21,454	+ 86,200	+ 100,000
Soil Products Office	+ 5,700	+ 40,903	— 13,150	—
Meat and Fish Organization	+ 4,600	+ 7,411	+ 12,400	+ 30,000
Petroleum Office	— 5,800	+ 13,589	+ 750	+ 22,300
State Supply Office	+ 5,400	+ 8,126	+ 16,000	+ 16,000
Agricultural Supply Office	+ 2,000	+ 3,003	+ 11,000	+ 14,000

TABLE 227 — (cont.)

(At Current Prices)
(Thousand TL.)

Enterprises	1962 (Actual)	1963 (Actual)	1964 (Estimated)	1965 (Estimated)
Dairy Products Industry	—	—	+ 3,500	+ 11,500
Turkish Radio and Television Co.	—	—	—	+ 8,000
Other Enterprises	—	+ 6,500	+ 10,000	+ 10,000
	(+284,600)	(+407,070)	(+702,150)	(+752,800)
	(—531,300)	(—507,113)	(—440,150)	(—370,000)
Net Surplus or Deficit of Industrial Firms	—246,700	—100,043	+262,000	+382,800
Iller Bank	+141,300	+184,954	+183,700	+160,000
Iller I. E. T. T.	—	+ 22,000	—	—
Real Estate Bank	+ 44,900	+ 49,830	+ 5,900	+ 12,000
Agricultural Bank		+ 18,314	+ 12,600	+ 32,700
Vakıflar Bank		+ 631	+ 3,550	+ 8,000
Pension Fund	— 2,000	+ 66,551	+ 87,700	—
Worker's Insurance Instititon	50,000	+ 34,364	+ 67,000	—
State Investment Bank (amortization and credit fund)	—	—	—	—
Total Investment of Non - Industrial Firms	+233,200	+332,644	+360,450	+212,700
Pension Fund	33,650	+220,551	+205,300	+245,500
Worker's Insurance Instititon	49,980	+251,000	+319,000	+740,000
State Investment Bank (Amortization and Credit Fund)	257,370	+112,000	+307,000	+244,000
Total No. of Savings Institutions	**+341,000**	**+583,551**	**+831,300**	**+1,229,500**
GENERAL TOTAL OF PRIVATE RESOURCES	**+327,500**	**+816,152**	**+1,453,750**	**+1,825,000**

TABLE 228 — 1965 Investment Programme of the State Economic Enterprises

(Thousand TL.)

Enterprises	1964 2 (Actual) Cash Expenditure	Total Investment	1965 3 (Actual) Cash Expenditure	Total Investment	1962 4 (Programme) Cash Expenditure	Total Investment	1963 5 (Programme) Cash Expenditure	Total Investment
Sümerbank	66,176	119,835	112,384	193,354	177,700	195,890		
Etibank	116,783	117,973	180,238	207,230	239,200	456,200		
Turkish Coal Industry	77,000	108,218	78,410	96,000	100,000	142,540		
Iron, Steel Mills Corp.	184,700	184,700	114,388	190,470	129,300	168,830		
Turkish Cement Industry Co.	21,377	21,377	33,044	33,044	65,400	65,400		
Ankara Cement Industry Co.	5,063	5,063	9,714	9,714	11,700	11,700		
Nitrogen Industry Co.	12,620	12,620	3,934	3,934	45,571	45,571		
Machine and Chemical Industry Co.	76,358	76,358	12,934	13,889	59,000	59,000		
Pulp and Paper Co.	46,761	46,761	28,585	30,342	101,841	101,841		
Turkish Petroleum Co.	74,077	74,077	86,898	86,898	321,147	321,147		
Turkish Sugar Industry Co.	45,000	42,555	52,326	52,326	67,442	67,442		
Turkish Air Lines Co.	6,916	6,916	4,618	4,618	6,000	6,000		
Maritime Bank Co.	86,000	86,000	77,243	80,443	104,100	104,100		
Maritime Lines Co.	2,700	2,700	—	—	10,700	10,700		
State Railways	136,000	206,101	132,061	140,687	187,500	267,500		
Post, Telephone and Telegraph	37,392	57,001	80,454	128,212	196,239	196,239		
Soil Products Office	5,708	5,708	10,097	10,097	20,050	20,050		
Meat and Fish Organization	4,600	4,600	7,411	8,188	12,400	12,400		
Petroleum Office	5,870	5,870	13,589	13,589	15,750	15,750		

TABLE 228 — (Continued)

(Thousand TL.)

Enterprises	1962 (Actual) Cash Expenditure	1962 (Actual) Total Investment	1963 (Actual) Cash Expenditure	1963 (Actual) Total Investment	1964 (Programme) Cash Expenditure	1964 (Programme) Total Investment	1965 (Programme) Cash Expenditure	1965 (Programme) Total Investment
State Supply Office	5,476	4,849	8,126	8,126	16,000	16,000		
Agricultural Supply Office	2,048	2,048	3,003	3,003	11,305	11,305		
Dairy Products Institution	—	—	—	—	13,535	13,535		
Iller Bank	171,355	179,653	189,954	192,190	221,700	221,700		
Real Estate Bank	44,190	44,190	55,830	55,830	5,700	5,700		
Agricultural Bank	—	—	18,314	18,314	9,600	9,600		
Vakıflar Bank	—	—	631	631	3,550	3,550		
Pension Fund	33,650	43,400	66,551	66,551	77,641	77,641		
Worker's Insurance Institution	49,980	49,980	34,361	34,361	57,000	57,000		
State Investment Bank (Amortization and Credit Fund)	—	—	—	—	—	—		
Other Enterprises	20,000	20,000	10,000	10,000	10,000	10,000		
TOTAL	**1,337,790**	**1,528,911**	**1,425,101**	**1,692,044**	**2,297,071**	**2,676,141**	**2,584,000**	**2,909,000**
Project Credits and Other Facilities	191,121		266,943		397,070		325,000	
GRAND TOTAL	**1,528,911**	**1,528,911**	**1,692,044**	**1,692,044**	**2,694,331**	**2,694,331**	**2,909,000**	**2,909,000**

Note : In the "total investment" column the figures show actual investment programme. The "Cash Expenditures" column shows the investments to be financed only by the funds which are created by SEE and coming from the general budget. It excludes the project credits.

(Thousand TL.)

TABLE 229 — Sources of SEE Investment Funds

Financial Sources	1962 (Actual)	1963 (Actual)	1964 (Programme)	1965 (Programme)
SEE Funds	+ 327,500	+ 816,152	+1,453,750	1,825,000
Investments	1,528,911	1,692,044	2,694,331	+2,909,000
Gross Financial Requirements	—1,201,411	— 875,892	—1,240,581	—1,084,000
Project Credits	+ 191,121	+ 266,943	+ 397,260	325,000
Net Financial Requirements (from general budget)	—1,010,290	— 608,949	— 843,321	— 759,000

If the measures to increase the resources of the SEE are taken in the shortest possible time, the allocations which are to be transferred from the general budget to meet the loss and investment requirements of these establishments will be TL. 759 billon.

a. Measures :

In order to achieve the financial target formulated in the 1965 Programme the State Economic Enterprises will have to fulfil the following measures :

(1) Those enterpises which are suffering substantial financial losses will do their utmost to solve their business problems in order to prevent financial loss and to increase funds.

(2) In order to increase their funds the SEE will take full advantage of their independence when fixing the prices of the goods and services which they produce. They will be responsible for setting prices at a level which will increase their revenues.

(3) A substantial amount of capital has been tied up in the excess inventories of the State. Each Enterprise will sell its excess inventory immediately in order to escape from the fiancial burden which these create and in order to increase its revenues.

6. ADMINISTRATIONS WITH REVOLVING FUNDS

Administrations with revolving funds have a special status. They use their own capital and can create funds. These funds are utilized to meet operational and investment costs. Those administrations which are public organizations, will not create problems in 1964.

The managements of those organizations whose funds come from the annexed budget or from state enterprise administrations with revolving funds, is such that state control is weak and their natural organizational development is slow. On the other hand, some funds are not made available to meet other public needs flexibly. It is clear that the major part of revolving funds administrations must be incorporated into the general and annexed budget or be transformed into State Economic Enterprises according to the functions which they perform.

a. Expenditures :

In Table 231 the expenditures of those administrations are shown in comparison with those of 1964.

b. Revenues :

The revenue estimates of the administrations with revolving funds are shown in Table 231.

TABLE 231 — The Incomes and Expenditures of Administrations with Revolving Funds

(Million TL.)

	Value		**General Index 1964=100**
	1964E	**1965E**	**1965**
1. EXPENDITURES			
a. Current expenditures	690.0	807.9	117
b. Investment	265.0	286.0	108
c. (1) Transfer	—	20.0	—
(2) Transfer into annexed budget	135.0	154.0	114
(3) Surplus of revoluing funds	—	38.0	—
TOTAL	**1,090.0**	**1,305.9**	**120**
2. REVENUES			
a. Own Resources	1,090.0	1,303.0	119
b. Credits	—	2.9	—

c. Measures :

(1) The committee for the reorganization of the public administration and administrative methods will create a joint working group with the reorganization committee of the State Economic Enterprises and the joint committee will study the organization of resources and expenditures of administrations with revolving funds. On the basis of the results of the research some of them will be incorporated into general and annexed budgets or State Economic Enterprises.

(2) The required measures will be taken to strengthen the financial structure of these administrations, to create more funds for financing the public sector and to reduce their current expenditures.

(3) Measures foreseen in the 1964 Programme for rationalizing the management of these administrations will also be implemented in 1965.

(4) The goods and services supplied to the market will be sold at market prices, unless there is a pressing economic need to sell them at cost or below cost.

(5) In order to allow the General Directorate of Forestry to work more economically and efficiently, financial, legal and administrative measures will be taken. Starting with the financial year, the surplus of revolving funds revenues will be transferred into the general budget, and the annexed budget will be supported with treasury grants.

(6) State farms will serve, on the one hand, as models of modern agriculture and as examples to farmers and, on the other hand, with rational farm management, they will contribute to the financing of the public economy.

B. FINANCING OF THE PRIVATE SECTOR

1. PRESENT SITUATION

In the Development Plan the principle was accepted that the realization of private sector investments would depend, on the one hand, on self-financing and the savings obtained from the capital market to be established and, on the other hand, on the resources of the banking system and long-term credit institutions. Since the Plan serves as a quide to the private sector, direct and quantitative methods for the financing of private sector investments cannot be prescribed as has been done for the public sector. However, in the Plan importance has been attached to measures which will facilitate the financing of private sector investments. In the Annual Programmes these measures are shown in detail and efforts to make then more effective have been referred to elsewhere in this year's programme.

In order to realize expected investments, the private sector needs financing resources of $ 1.3 - 2.5 billion per annum, in addition to its own savings.

The debts incurred by the private sector include the foreign credits of the Ereğli Iron and Steel Complex, which amounted to TL. 636 million in 1963 and TL.216 million in 1964. In 1965, the small remainder of the credits due to the Ereğli Iron and Steel Complex will be used. On the other hand, with an excess of TL. 300 million, TL. 5 billion worth of investments is expected from the private sector. In these circumtances, if appropriate measures to finance private sector investments are not taken, it will not be possible to realize private sector investments. The increasing requirements for credit and foreign financing of the private sector have been verified by the enquiry made in June 1964 into the industrial investments of the private sector. According to some of the results of the enquiry, which are shown in Table 232, private industrial firms estimate that, in order to realize their investments, their requirements for domestic credit in 1964 and 1965 will have to be greater than those of 1963 by 22 percent and 18 percent respectively. The same situation also exists in regard to foreign credits. Entrepreneurs of the private sector foresee that their requirements for foreign credit will exceed TL. 9.2 million in 1964 and TL. 99.7 million in 1965.

TABLE 232 — Domestic and Foreign Financing Requirements for Private Industrial Investments

(At 1963 Prices)
(Million TL)

	1963		1964		1965	
	Value	%	Value	%	Value	%
Domestic capital	536.8	64	266.3	46	261.3	35
Foreign capital	119.3	14	69.5	12	104.5	14
Domestic credit	170.4	20	208.4	36	246.3	33
Foreign credit	25.5	3	34.7	6	134.4	18
TOTAL a/	**852.0**	**100**	**579.0**	**100**	**746.5**	**100**

a/ Excluding the investments of the Ereğli Iron and Steel Complex.
Source : Enquiry made in June 1964 on private industrial investments of the State Planning Organization.

Because a capital market is not yet established in Turkey, long term industrial credits comprise a small share of general credits, and, because enough acceptable projects by which entrepreneurs could get the benefit of Consortium credits are not formulated, important problems are created in the financing of private sector investments. In 1964, difficulties in obtaining short term credits have been added to the private sector's problem of procurement of long term investment funds.

2. MEASURES TO BE TAKEN IN 1965 AND THE IMPLEMENTATION POLICY.

In 1965, the following measures will be taken for the financing of private sector investments, in order to realize Plan targets.

a. Credits :

(1) In order to provide entrepeneurs with sufficient investment funds, as a first step, domestic and foreign resources of tne Industrial Development Bank will be increased and efforts will be made to secure the foreign exchange required for the investment projects which the bank considers to be in conformity with Plan targets.

(2) Efforts will be made to encourage a more dynamic credi policy on the part of the Industrial and Credit Bank; which was estab

lished with the object of meeting the medium-term credit requirements of industry and whose activities have unfortunately developed slowly.

(3) The preparations for establishing an Investment Bank with large resources will be completed. It will start to function immediately in order to finance and encourage private sector investments on a large scale, and to channel these investments towards both Plan targets and under-developed regions.

(4) The possibility of allocating and using a certain proportion investment in industry will be encouraged.

(5) The amount of Central Bank credit provided to the industrial sector through the banks will be increased considerably, so that, the private resources of entrepeneurs will thus be set free and their use for investment in industry will be encouraged.

(6) The effective functioning of the Mining Development Bank or the banks which are going to undertake similar functions, will be secured. An increase in the amount and the utilization of credit devoted to shipbuilding will be obtained, and credit facilities and opportunities for investments in tourism will be increased.

b. Capital Market :

The research conducted on the subject of the capital market with the collaboration of the State Planning Organization, the Union of Chambers, the Turkish Industrial Development Bank and the University of Istanbul has been completed. The completed report has been submitted to a committee which consists of representatives of the relevant departments and establishments. This committee will make a final examination of the report, prepare the necessary final drafts and recommend further measures. Efforts will be made in 1965 to enact drafts which are in the preparation stage and the establishment of a capital market will be started.

c. Measures Related to Taxation and Administration :

It has been considered necessary to provide certain tax facilities to encourage private investments. To realize this objective, the incentives used in other countries will be studied by the Ministry of Finance, and the necessary bills will be submitted to the Assembly.

d. Foreign Capital :

It has been agreed in the Development Plan that foreign entrepreneurs in the private sector will benefit from all the facilities and rights provided for Turkish entrepreneurs. Moreover, the law on the encouragement of foreign capital at present in effect, liberally guarantees the transfer of profits and capital to the country of origin.

In addition to the foregoing guarantees and legal facilities for encouraging foreign capital, certain other adjustments are required in order to further implementation as outlined below :

(1) Research will be conducted with a view to establishing a permanent body which will analyse rates and accept applications for foreign capital investments in Turkey with the necessary speed and authority. The possibility of forming this body within the establishment cited in paragraph "c", which is to examine investment applications made by the domestic entrepreneurs in the private sector, will be taken into account in the foregoing research.

(2) In 1965, the publicity and advisory activities to be conducted in foreign countries, for the attraction of foreign capital, will be accelerated and expanded. Books, booklets and pamphlets, prepared in the major foreign languages will be distributed to appropriate centres of foreign countries which export capital.

(3) Representatives in foreign countries, will make dynamic and efficient efforts to publicize the potential for foreign capital investment in Turkey and to give information concerning the methods of applying the investment.

. II. MONETARY, CREDIT AND PRICE POLICIES

A. MONETARY POLICY

1. GENERAL SITUATION

The Development Plan, generally emphasises long-term financing of the economy and recommends that short-term problems can be solved by adjustments in the Annual Programmes.

Besides the long term principles of finance in the Plan, in order to remove inflationary and deflationary trends and to deal with short-term problems in the economy, it is necessary to use all the instruments of the monetary policy. As trends develop in the economy it is especially important to use these monetary instruments in a timely and effective way.

In 1962 and 1963, during which years the economy experienced a healthy growth, there were no important monetary policy problems. In this period a sufficient amount of money was fed into the growing economy in accordance with it's needs.

On the other hand, in the first six months of 1964, the emergence of economic problems and the evidence of economic pointers showed that more importance should be paid to the monetary policy and that this policy should be used in a more effective and elastic way and in co-ordination with the financial policy.

The main indicators related to monetary policy in 1964, and reasons for the problems in this period are examined below.

a. Money Supply a/

7 As is shown in Table 233, the money supply in the first four months of 1964 remained the same as that at the end of 1963, according to seasonal fluctuations.

a/ It is difficult to record and measure the money supply in Turkey because of the lack of checks on paid expenditures and an undeveloped banking system except in some special commercial centres. Until recently the money supply was defined narrowly as the sum of the supply of banknotes and coins plus commercial cheque deposits and free deposits in the Central Bank. However, recently it has been possible to establish the amount of sight saving deposits. This is an important step since nearly all the sight-savings deposits are in fact equivalent to commercial deposits, and used for commercial purposes like cheque payable deposits for current transactions.

TABLE 233 — Money Supply (Million TL.)

Periods	Value	Percentage Changes (Chain Index) 6 Months	Annual	General Index 1961 = 100
31.12.1961	10,025	100	100	100
30. 6.1962	10,063	100	—	100
31.12.1962	10,964	109	109	109
30. 6.1963	10,980	100	—	110
31.12.1963	12,167	111	111	121
30. 6.1964	12,102a/	100	—	121

a/ Temporary figure.

Source : Annual Reports and Monthly Bulletins of the Central Bank

It can be observed b/ in Table 233, that the money supply was strongly influenced by seasonal fluctuations in the economy. In the first half of the year the money supply remained constant, but in the second half it tended to increase by 10 percent.

Table 234 shows recent movements in the volume of banknotes issued which is one of the most important factors affecting the money supply. Against the TL.94 million decrease in banknotes issued in the first half of 1963, an increase of TL. 219 million occurred in 1964. However, until the end of May 1964 the amount of banknotes issued remained the same; the 1964 increase happened at the end of June.

TABLE 234 — Volume of Banknotes Issued 1962 - 1964 (Million TL

Periods	Value	Percentage Changes (Chain Index) 6 Months	Annual	General Index 1961 = 100
31.12.1961	4,783	100	100	100
30. 6.1962	4,749	99	—	99
31.12.1962	5,122	108	107	107
30. 6.1963	5,028	98	—	105
31.12.1963	5,581	111	109	117
30. 6.1964	5,800	104	—	121

Source : Monthly Bulletins of the Central Bank

---

b/ In fact, the Turkish economy, as in other agricultural economies enters a slack period between February and August and after the harvest it enters an active period

b. Deposits :

Total deposits decreased in the first six months of 1964 compared with the end of 1963. The changes in total deposits over six monthly periods are indicated in Table 235.

TABLE 235 — Changes in Total Deposits a/ **(Million TL.)**

Periods	Value	Percentage Changes (Chain Index) 6 Months	Annual	General Index 1961 = 100
31.12.1961	8,276	100	100	100
30 6.1962	8.491	103		103
31.12.1962	9.418	111	114	114
30 6.1963	9,456	100	—	114
31.12.1963	10.516	111	112	127
30. 6.1964	10,392b/	99	—	126

a *Inter-bank deposits are excluded*

b *Temporary figure, calculated from the total deposits of 13 banks*

Source : *Monthly Bulletins of the Central Bank*

Like the money supply, bank deposits are also influenced by seasonal fluctuations. Although, they increase a little in the first 6 months of the year, during the second half of the year may increase by 10 percent. However, in 1964 total deposits decreased considerably in comparison with previous years.

The composition of deposits is indicated in Table 236.

TABLE 236 — Composition of Bank Deposits **(Million TL.)**

	1962 December	1963 May	1963 Changes in 5 months	1963 December	1964 May	1964 Changes in 5 months
Commercial Deposits	1.894	1.692	— 202	2.015	1.719	— 296
Sight	1.747	1.499	243	1.805	1.516	— 289
Time	147	193	46	210	203	— 7
Saving Deposits	5,501	5.379	373	6.603	6,652	49
Sight	4.487	4.663	176	5.242	5.170	— 72
Time	1,014	1,216	202	1,361	1,482	121
Official Deposits	2,023	1.929	— 94	1.898	1.950	52
Sight	1.687	1.551	— 136	1,396	1.395	— 1
Time	336	378	42	502	555	53
Total Deposits	**9,418**	**9,500**	**82**	**10,516**	**10,321**	**— 195**
Sight	7,921	7.713	— 208	8.443	8,081	— 362
Time	1.497	1.787	290	2,073	2,240	167

Source : *Central Bank*

The figures of Table 236 indicate that in the first 5 months of 1964, the proportional decrease in commercial deposits was greater than in the same period of 1963; the proportional increase of saving deposits in the first five months of 1964 was less than in the same period of 1963. It is possible to explain these negative movements, especially in the case of saving deposits, as the consequence of an insufficient amount of money being injected into the economy in first five months of 1964.

c. Bank Credits :

In the first six months of 1964 bank deposits like other deposits also decreased. Changes in bank credits in 1962, 1963 and 1964 are indicated in Table 237 for six monthly periods.

TABLE 237 — **Changes in Bank Credits**

Periods	Value	Percentage Changes (Chain Index) 6 Months	Annual	General Index 1961 = 100
31.12.1961	8,324	100	100	100
30. 6.1962	9,027	108	—	108
31.12.1962	10,362	115	125	125
30. 6.1963	10,918	105	—	131
31.12.1963	11,886	109	115	143
30. 6.1964	11,780a/	99	—	142

a/ *Temporary figure. It is calculated by using the total credits of 13 important bank*
Source : Monthly Bulletin of the Central Bank

As is indicated in Table 237, bank credits are slightly less affected by seasonal fluctuations in the economy than the money supply and bank deposits. In general, in the first half of the year, bank credits tend to increase considerably. Contrary to this general tendency, in the first half of 1964 bank credits decreased by 1 percent.

In general, the amount of bank deposits and Central Bank credits can be used to affect the total amount of credits according to the re-quirements of a growing economy. Because there is always a deficit in the balance of payments, nc important credits arise from foreign transac-tions. It can be observed from Table 235 that in the first half of 1964, bank deposits decreased 1.2 percent parallel to and under the influence of money supply.

The changes in Central Bank credits, which is one of the other sources of bank credits, are indicated in Table 238.

TABLE 238 — Changes in Central Bank Credits **(Million TL.)**

Periods	Value	Percentage Changes (Chain Index) 6 Months	Annual	General Index 1961 = 100
31.12.1961	1,157	100	100	100
30. 6.1962	1,238	107	—	107
31.12.1962	1,824	147	158	158
30. 6.1963	2,544	140	—	220
31.12.1963	3,151	124	173	272
30. 6.1964	3,138a/	100	—	271

a/ This amount increased to TL. 3,454 million by 4 July 1964.
Source : Monthly Bulletin of the Central Bank.

The rate of increase in Central Bank credits to the public sector and to the private sector (to the banks) decreased in the second half of 1963. Furthermore, the absolute amount of credits decreased in the first half of 1964. This trend is indicated in Table 239.

TABLE 239 — Credits of the Banking System Financed by the Central Bank **(Million TL.)**

Periods	Value	Percentage Changes (Chain Index) 6 Months	Annual	General Index 1961 = 100
31.12.1961	768	100	100	100
30. 6.1962	808	105	—	105
31.12.1962	939	116	122	122
30. 6.1963	1,189	127	—	155
31.12.1963	1,266	107	135	165
30. 6.1964 a/	1,127a/	89	—	147

a/ Temporary Estimates.
Source : Monthly Bulletin of the Central Bank.

In the discussion of credits, it is necessary to take into account the disponsibilities of the banks. In Turkey banks generally work at rates of disponsibility of (cash/deposits) between 8 - 10 percent. This rate is generally 8 percent during the year; but at the end of the year it increases to 10 percent. In the first months of 1964, the average disponsibility rate of the banks decreased 7 percent in order to meet the increased demand for credit. However, at the end of May the rate increased to 9 percent.

No changes occurred in the credit policies of the banks in 1964. But the amount of credit could not be extended because of the expense and the difficulty of obtaining Central Bank credits. Consequently, total deposits could not be increased either.

d. Monetary Policy in 1964 :

If the main indicators of money supply are analyzed, it will be seen that at the end of 1963 and especially in the beginning of 1964, the money supply did not increase in response to the rate of growth of the economy and thus the serious problem of liquidity was created in the first half of 1964.

These results are indicated in Table 240 in which all the pointers relevant to money and credit are compared.

TABLE 240 — Comparison of Percentage Changes in Money Supply, Deposits and Credits

(Chain Index)

Periods	Money Supply	Banknotes	Deposits	Bank Credits	Total Credits of the Central Bank
31.12.1961	100.0	100.0	100.0	100.0	100.0
30. 6.1962	100.4	99.3	102.6	108.4	107.0
31.12.1962	109.0	107.9	110.9	114.9	147.3
30. 6.1963	100.1	98.2	100.4	105.4	139.5
31.12.1963	110.8	111.0	111.2	10[illegible].9	123.9
30. 6.1964	99.5	103.9	98.8	99.1	99.6

According to these explanations, the development of the supply of money to the economy is closely related to Central Bank credits and these credits compose the main factor in the monetary policy.

Here a question can be raised: whether a high rate of budget expenditures can compensate for the lack of monetary policy in 1964 or not? In fact, in the first 4 months of the financial year of 1964, budget expenditures increased by TL. 400 million compared with the same period of 1963. However, this 10 percent increase in expenditure did not affect deposits and credits in the banking system and did not compensate for the lack of liquidity.

The deficiency in the supply of money in the first half of 1964 also affected private investments in a negative way. In fact, revenues in June trends in investments of the private sector, reveal that some private entrepeneurs postponed their investments.

2. IMPLEMENTATION OF MONETARY POLICY IN 1965.

a. General Monetary Policy :

In 1965, a dynamic monetary policy which will realize the following targets will be implemented by taking into account the expenses of 1964. To realize and facilitate the rate of growth envisaged in the Plan will be the main target of the monetary policy. On the other hand, it is also necessary to take into account price stability. A dynamic monetary policy will be implemented by keeping a watch on all economic indicators and money and credit statistics and by harmonizing monetary with financial policy.

In the implementation of the monetary policy, factors such as monetization, population increase, liquidity preference, industrialization and seasonal fluctuations which affect the money supply will be taken into account and adjustments made so as to realize and facilitate the development targets of the Plan. Apart from that, the distribution of Central Bank credits between the public and the private sector will be balanced.

b. Harmonizing Monetary Policy and Financial Policy :

During the period when monetary policy, budget and other public expenditures are being implemented, their effects will be revised and close co-operation will be realized between the Ministry of Finance and the Central Bank, which are responsible for the implementation of financial policy.

c. Follow-up of Economic Development :

Every three months the Ministry of Finance, the State Planning Organization and the Central Bank will carry out a joint study in order to evaluate economic development. Measures of the monetary policy and financial policy will be decided upon according to this evaluation. The results of these studies will be submitted to the High Planning Council if necessary.

d. Discount Rates and Limits :

Discount rates and limits will be revised so as to encourage the development of various sectors according to the Plan, and so as to apportion credits among sectors according to the priorities established in the Plan. The rates will be re-examined and the necessary and timely adjustments will be made. The Central Bank will facilitate the use of discount credit and, as the situation demands, provide for their allocation within the established limits.

e. Relation Between the Central Bank and Other Banks :

The Central Bank will be closely associated with all banking activities and will encourage the healthy development of the banks with the various means at its disposal. The Central Bank will also encourage the provision of banking services to less-developed areas.

f. Treasury and Central Bank Relations :

The credits which the Central Bank has provided to the Treasury as advances on treasury bonds became frozen, even after the consolidation which was effected in 1961, because of the discrepancy between normal Government incomes and the rapidly growing expenditures of the public sector. This situation is an obstacle to the effective use of monetary and financial policy for deflationary and inflationary purposes. In order to prevent this situation, the relations between the Central Bank and the Treasury will be re-adjusted.

g. Administration of Public Debts

The possibilities of using the consolidated debts of the Treasury for regulating the money market by converting them into short-term Treasury bonds or long-term obligations, will be examined. Especially the possibility of commencing open market operations, which depend on transactions in short-term treasury bonds and which are an effective instrument of monetary policy, will be examined and the relevant report will be prepared by June 1965.

h. Reviewing Balance of Payments Effects

In the implementation of monetary policy, the effects of factors in the balance of payments will be observed and the negative effects of seasonal fluctuations in exports and imports and counterpart funds on the economy will be eliminated.

i. Other Measures

In order to implement the monetary policy, the following measures will be undertaken by the Central Bank:

(1) The rapid collection and evaluation of the statistics which are relevant to the monetary policy will be realized.

(2) Other economic indicators will be closely observed.

(3) Research activities relating to money, credit and banking will be enlarged and their quality will be improved.

(4) The monthly bulletins will be published more rapidly.

B. THE CREDIT POLICY

1. GENERAL SITUATION

Two main targets have been established in the Development Plan, namely, to apply a credit policy that will not lead to inflation and to ensure the best distribution of credits to the economy. In this way, credits will flow to the best and most fruitful fields of the economy without causing instability.

Issues related to achieving the first of these targets have been examined in the previous section and the credit policy which will be applied in 1965 was explained there. Various aspects of the credit policy which will be applied in 1965 to reach the second target are taken up in this section.

With regard to the distribution of credit, the main current problem can be summarized as follows :

a. Distribution of Credits :

Available credits cannot be directed to the most needy areas in accordance with the Development Plan targets. The present situation, which does not conform to the Plan for economic development or to the sector priorities established in it, is shown in Table 241.

Agricultural credits have shown a steady fall in proportion to total credits over the last 15 years. However, a small increase in these was registered in 1963 and 1964.

Credits for construction have risen from 3.6 percent to 12.9 percent of total credits over the last 15 years. On the other hand, it can be seen from the table that the long term credits given to private sector industrial enterprises have been insufficient.

TABLE 241 — The Distribution of Bank Credits to the Private Sector

(Current Prices)
(Million TL.)

Years	Commercial Credits etc.	% of the Total	Agricultural Credits	% of the Total	Turkish Industrial Development Bank Credits	% of the Total	Housing Construction Credits	% of the Total	Small Crafts, Tradesmen, Organization Credits	% of the Total	Total Private Sector Credits
1949	518	58.1	337	37.8	—	—	32	3.6	4	0.5	891
1950	660	59.2	412	37.0	—	—	40	3.6	3	0.2	1,115
1951	839	53.5	637	40.6	18	1.2	68	4.3	6	0.4	1,568
1952	1,127	48.1	1,049	44.8	39	1.7	118	5.0	10	0.4	2,343
1953	1,590	52.2	1,195	39.3	67	2.2	171	5.6	21	0.7	3,044
1954	1,952	51.3	1,475	38.7	112	3.0	233	6.1	36	0.9	3,808
1955	2,298	52.5	1,536	35.1	138	3.2	346	7.9	57	1.3	4,375
1956	2,482	50.2	1,874	37.9	140	2.8	382	7.7	64	1.3	4,942
1957	2,975	51.8	2,095	36.5	163	2.8	434	7.6	74	1.3	5,741
1958	3,504	55.0	2,142	33.6	178	2.8	462	7.2	92	1.4	6,378
1959	3,792	54.8	2,292	33.0	205	3.0	532	7.7	104	1.5	6,925
1960	3,861	53.4	2,392	33.0	223	3.1	633	8.7	120	1.7	7,229
1961	4,025	57.6	1,682	24.0	282	4.0	844	12.1	159	2.3	6,992
1962	5,310	59.6	1,953	21.9	334	3.7	1,131	12.7	183	2.1	8,911
1963	5,872	57.8	2,408	23.7	385	3.0	1,294	12.7	202	2.0	10,161
1964 a/	5,927	58.6	2,232	22.0	426	4.5	1,302	12.9	208	2.0	10,122

a/ Figures for May
Source : Monthly Bulletins of the Central Bank.

TABLE 242 — The Share of Various Sectors in Domestic Income and Credits

(Current Prices)
(Million TL.)

Sector	1950 Ratio of Domestic Income %	Ratio of Credits %	Coefficient of Credit Utilization	1955 Ratio of Domestic Income %	Ratio of Credits %	Coefficient of Credit Utilization (5)/(4)	1960 Ratio of Domestic Income %	Ratio of Credits %	Coefficient of Credit Utilization (8)/(7)	1963 Ratio of Domestic Income %	Ratio of Credits %	Coefficient of Credit Utilization (11)/(10)
Agriculture	49.8	37.0	0.74	41.7	35.1	0.87	42.6	33.0	0.77	40.7	23.7	0.58
Industry a/	12.2	—	—	14.1	3.2	0.22	17.0	3.1	0.18	17.0	3.8	0.22
Commerce	21.5	59.1	2.74	27.3	52.5	1.92	22.8	53.4	2.34	23.2	57.8	2.49
Construction	2.8	3.6	1.28	2.9	7.9	2.72	3.4	8.8	2.58	3.5	12.7	3.62
Others	13.7	0.3	0.02	14.0	1.3	0.09	14.2	1.7	0.11	15.6	2.0	0.12

a/ *Only long-term credits allocated by the Industrial Development Bank are shown as Industrial Credits. Other Credits given to Industrial firms are included in commercial credits.*

Source : *The Development Plan*
Monthly Bulletins of Central Bank

The credits ascribed to the commercial sector, which received 57.3 percent of all credits at the beginning of 1964, also include short term industrial credits. It is estimated that these industrial credits are about 30 percent of all commercial credits. The insufficiency of the credits used by small artisans and tradesmen, can be clearly seen from the table.

Table 242 shows the added value of the domestic income of various sectors and the ratio of each sector's credit to total of private sector credits. It should be noted that the private sector, in turn, holds 99 percent of agricultural, 51 percent of industrial and 90 percent of commercial service credits. Although in the private sector the value added to income in industry is 51 percent, it cannot be said that credits are distributed according to the importance of the sectors or that development rates of each sector have been as established in the Plan. A rough estimate of the contribution of each sector to the economy can be calculated from the ratios of credit to added value for each sub-sector, according to the figures in Table 242. The examination reveals the insufficiency of credits to agriculture and industry as against the large share of credits given to commerce and construction.

b. Interest and Rediscount Limits :

Interest and rediscount limits at present are too high to encourage the development of certain sectors. Moreover, the difference between rediscount limits and the official interest rate which the banks are authorized to charge is small and the rediscount system is far from being interesting to the banks. Thus the banks consider the rediscount facilities within the limits recognised by the Central Bank as extraordinary possibilities, and use them only when they are in difficulty. In addition, as the possibilities for increasing the volume of bank notes, which in turn increase deposits, are limited and the increase in bank money is small, the available credit of the banks cannot be increased.

In addition, as the active credit limits applied by the banks are very high, they have negative effects on private sector investments and their commissions also have the result of limiting market activities.

c. Condition of the Banking System :

One of the main problems encountered in the Turkish economy is the lack of a fully developed banking system and a provision for supplying banking services throughout the country.

Turkish banking, which developed rapidly, but irregularly, after World War II encountered difficulties after normal economic conditions were restored in 1961. One bank after another had to close down, especially those banks which lacked capital, sound banking methods and good organization.

So that the banks will serve the public well in the widest sense and become secure institutions, it is very important that they be supervised and administered according to modern banking principles and within an effective system of controls. Law No. 153, which was passed in 1960, aimed to protect depositors by stipulating that a part of bank profits should be invested in the "Bank Clearing Fund". In practice, this provision penalised the profitable banks and protected the unsuccessful ones.

d. Frozen Credits Problem :

In fact, the actual distribution and utilization of credits is not beneficial or rational. This is particularly true in the case of agricultural credits. These tend to become long term debts on which the interest is paid gradually from year to year, but on which capital repayments are deferred. In other words, they become frozen credits. It is estimated that such frozen credits amount to 50-60 percent in agriculture and reach significant amounts in commerce and small crafts as well.

e. The Situation of Credit Co-operatives :

The Turkish credit co-operatives, which were established under various names to perform various duties, have in fact deviated from their role as co-operatives; instead, they act as middlemen and provide credit from the state banks to their members. This situation, not only increases the cost of credit in some co-operatives, and particularly tradesmen's guarantee co-operatives, but also because of local influences, makes the collection of credits difficult.

2. THE CREDIT POLICY TO BE APPLIED IN 1965

a. General Principles :

The main target of the credit policy to be applied in 1965 is, as stipulated in the Plan, to enlarge credits in such a way as to secure optimum use in the economy while avoiding inflation. To this end, whenever possible, qualitative measures affecting credit will be applied by the Central Bank and the banking system.

In order to execute these policies, the Ministry of Finance, the Central Bank, the Union of Banks, the Committee for Regulating Bank

Credits and the State Planning Organization will co-operate closely with each other.

b. The Development of the Banking system :

The present situation and problems of the banking system in Turkey will systematically be studied by the Ministry of Finance, the Central Bank and the Union of Banks, and a survey will be conducted to bring forth the necessary changes and measures in regulations. This survey will be completed at the latest by the end of June 1965 and will cover the following particular subjects :

(1) A reduction in the expenditures and costs of banking that have increased excessively, and a decrease in the rate of bank credits, interest and service commissions.

(2) The introduction and application of deposit insurance in Turkey and the abolishment of the old system introduced by Law No. 153, which, in fact, undermines the banking system.

(3) The determination of measures needed to prevent unnecessary competition and advertizing expenditure, and accumulation of too many branch banks in certain places. The measures also channel the banks into areas where their activities would serve local needs.

(4) An investigation into the degree of profitability in the case of mergers of small banks and of possible ways of integrating the small banks.

(5) The study of the banking activities of State Economic Enterprises and the formulation of the policy to be applied in this field.

(6) The reorganization of the present inadequate system of banking control.

(7) The development of a cheque system; the classification of deposits in such a way as to allow economic activity and development to be followed up and analysed.

c. Interest Rates :

The necessity to readjust interest rates and service commissions levied on deposits and credits is clearly recognised. However, this readjustment must be made so as to further the development of banking and must conform to the rediscount policy

d. Agricultural Credits :

In 1965, as in previous years, agricultural credit policy will be executed with the co-operation of other interested organizations.

(1) In order to execute the agricultural credit policy properly, the existing capital of the Agricultural Banks, totalling TL. 750 million will be increased. Thus, agricultural credits will be expanded.

(2) Laws Nos. 3242 and 5254 shall be revised to aid needy farmers, immigrants and people who have been re-settled. Short-term aid will be given to needy persons by combining funds for this purpose with other social aid and general disaster funds.

(3) Through Laws Nos. 1682, 6831, 3788, 5748, 6113, 6748, 6754, 5389, 4753, 4759, 6746, 7010 and various other decrees, the duty of aiding or giving credit for social and commercial purposes was assigned to the Agricultural Bank and certain funds shall also be placed in the budgets of the ministries. Such credits, the purpose of which has been lost or altered through time, shall be revised; those designed to contribute to social development shall be brought together under a single law and their various resources will be transferred to the bank through budgets. Credits and supports which are economic in nature shall be organized in the yearly credit programme.

(4) The Ministry of Agriculture and the Agricultural Bank shall co-operate in determining the nature and functions of various agricultural credits. Great importance is attached to educating and training farm workers through radio programmes and other means of communication. For this, a dynamic propaganda and training policy shall be implemented by the officials of the Ministry of Agriculture, departments of the Agricultural Bank, the Ministry of National Education, those concerned with community development and the administrators of the Chamber of Agriculture.

(5) Importance shall be given to the distribution of short-term credits, generally through co-operatives.

(6) The relations of the Ministry of Commerce and the Agricultural Bank and the co-operatives shall be considered. Attempts shall be made to establish and develop an agricultural sale and credit co-operative system that will be suited to Turkey's needs.

(7) Measures shall be taken to prevent credits from becoming frozen while frozen credits will be renewed at a decreasing rate each year.

e. Industrial Credits :

(1) The insufficiency of investments and operating credits given to private industrial entrepreneurs is an important problem. In order to meet the credit requirements of private industry, the resources of the Turkish Industrial Development Bank and the Industrial Investment and Credit Bank shall be considerably increased and be made more liquid.

(2) The rediscount limit applied by the Central Bank to the industrial sector shall be minimum, as in agriculture and exportation. Measures to facilitate the rediscounting of industrial receipts shall be taken. However, only industrial sectors which are emphasized in the Plan shall benefit from this provision.

f. Small Industries and Tradesmen's Credits :

In 1964 credits from the People's Bank were given by deferred payments, thus 10 percent of these credits were taken before freezing and the funds were mobilized.

(1) The present implementation shall continue in 1965; attempts will be made to raise the discount made on frozen (subscription) credits to 15 - 20 percent and there should be a conformity between the target and the actual utilization of the credit.

(2) The 1964 measures for increasing the resources of the People's Bank shall be continued in 1965. For this purpose, a proportion of the funds belonging to institutions for social saving such as Worker's Insurance, the Retirement Bank and voluntary personnel savings shall be directed to the People's Bank.

(3) Research made in 1964 on the possibility of the bank guarantees given by the guarantee cooperatives and their utilization in normal commercial operations, shall be completed by 1965 and the resultant measures implemented.

(4) So that the redisount facilities given to the People's Bank can be fully utized, the statute pertaining to tradesmen's guarantee co-operatives shall be changed as soon as possible.

g. Housing Credits :

These credits shall be used in such a way as to realize one of the main principles of the Plan, which is to build as many housing units as possible for a given amount of investments.

(1) Studies on the allocation of housing credits belonging to the Worker's Insurance Institution through a single institution, namely the Property and Credit Bank, are about to be completed. This idea will be implemented in 1965 with the introduction of a new regulation.

(2) Attempts will be made to bind all establishments giving housing credits within a single statute.

(3) The credits of the Property and Credit Bank, The Worker's Insurance Institution and other public institutions will be allocated so that priority is given to houses conforming to the general standards which have been established. The building of low cost worker's houses shall be encouraged through the allocation of credits.

C. PRICE POLICY

1. GENERAL SITUATION

a. One of the general principles accepted in the Plan, is the need for stability and protection of prices.

b. The wholesale price index in 1963 was 4 percent higher than in 1962. A fall in wholesale prices of about 1.73 percent in the first half of 1964 in comparison with the same period of 1963 has been observed. If this trend is to prevail throughout 1964, average prices might be expected to remain level with, or 1 percent lower than, the 1963 price level. However, with the effective implementation of the measures being taken against stagnation in the economy since the beginning of 1964, economic activities might begin to increase towards the end of the year.

On the other hand, prices and wages have been increasing in a number of European countries for various reasons. In 1963 and in the first half of 1964, wholesale price indices in France, Italy, Switzerland and Holland have shown increases ranging between 3 and 6 percent. Thus price increases in Turkey over the last one and half years are smaller than price increases in a number of OECD countries.

c. In 1965 a price policy shall operate, which will supplement general policy measures and which will take into account the long-term goals of the economy.

Long-term development targets must be attained without wasting resources through inadequate and wrong use. At the same time, in order to meet total demand adequately an equilibrium of supply and demand with respect to consumer and investment goods should be established and the inter-relation between cost, productivity, price and income should be determined. However, should deflationary or inflationary tendencies be created by the lack of the above-mentioned balances which are expected to arise from the working of a free market economy, the necessary precautions will be taken and the changes in the general price level, and in individual and relative prices will be considered carefully.

d. The causes of price instability in a developing, and at the same time structurally unbalanced, agricultural economy are as follows :

(1) The failure to acquire adequate amounts of domestic and foreign resources by normal methods.

(2) Increases in the prices of the factors of production over and above increases in productivity in general.

(3) The adverse effect of agricultural and foreign trade on total supply.

(4) The bottlenecks in supply created by such factors as speculation and monopoly.

Since it is not easy to increase supply over a short period, the factors which cause instability in the economy will be prevented by the adjustment of the general level of demand to supply through fiscal, monetary and income policies. However, according to the principle of price determination by market forces accepted in the Development Plan, the direct control of prices will be avoided as far as possible.

e. Besides the factors mentioned above, the rejection of controls on the prices of some goods and services, or the increasing of the rates and distribution of direct and indirect taxes, may cause temporary price adjustments. Furthermore, imbalances in foreign economies may reflect in the Turkish economy via foreign trade, and influence the prices of some goods. For these reasons, potential price movements will be carefully analyzed in the light of economic indicators and the influence of foreign price movements will not be counter-balanced by measures which might keep prices at a deflation - creating level.

2. MEASURES :

Because some of the measures which might affect prices are explained in the chapters on finance, income and income distribution policies, only the supplementary measures concerning the adjustment of the market mechanism to create normal conditions and price stability will be explained in this chapter.

a. The State Economic Enterprises are authorized by Law No. 440 to determine independently the controlled prices of liquid fuel, cement, electricity, coal, sugar, artificial fertilizers and the tariffs of the Turkish Maritime Bank and of the State Railways - excluding the prices of basic goods and services. In determining the prices of basic goods and services, the potentially undesirable long - run effects of the burdens resulting from keeping prices below costs will be taken into account and an attempt will be made to keep the number of such goods as low as possible.

b. The fixing of prices on agricultural products and meat by municipalities will be discontinued.

c. In order to minimize the difference between the consumer's price and the producer's price the following measures will be taken: the credit needs of producers will be adequately met; to induce co-operative movements, the Ministries of Trade and Agriculture and the Agricultural Bank will collaborate while pilot-implementation work which will extend into the future will be started in 1965.

d. The available wholesale price and cost of living indices which are supposed to be used in tracing price movements, are not adequate. Therefore, the Ministry of Trade, the State Planning Organization and the State Statistical Institute will collaborate in revising the present index numbers according to present conditions and making them more reliable.

FOREIGN ECONOMIC RELATIONS

1. GENERAL SITUATION

The achievement of balance in external payments and the attainment of economic viability within a fifteen-year period have been set as a major target in the First Five-Year Development Plan.

In this perspective, developments in the foreign trade sector during the first and second years of the Plan are summarized briefly below.

In 1963, foreign trade in general, and imports in particular, have exceeded Programme forecasts. Since imports over the same period rose more rapidly than exports, the deficit in the trade balance reached $319 million, exceeding the Programme estimates by a considerable margin. The value of imports was 11 percent higher than the year before. However, if imports of the Ereğli Iron and Steel Works and of U. S. surplus commodities are excluded, then the imports of 1963 fell 2 percent below 1962. Among the normal imports, raw materials increased by 11.8 per cent whereas investments and consumption goods imports decreased.

The value of exports in 1963 exceeded the Programme forecasts by 5.8 percent but fell somewhat below the level of 1962. However, this was 5.3 percent higher than the average of 1960 - 1962 inclusive.

During the first six months of 1964 exports totalled $165 million. Although this is 3.4 percent lower than the exports of the first half of 1963, it is nevertheless 2.2 percent above the 1962 exports over the same period.

Imports, on the other hand, during the first half of 1964 were 7.5 percent lower than in 1963 but 9 percent higher than in 1962.

Due to economic and non-economic factors, tourism receipts in 1963 remained below both the Programme estimates and the actual results of 1962. However, they reveal an upward trend during the first half of 1964.

There have been some delays in the credits secured from the Consortium to meet external finance requirements of the Development Plan in both 1963 and 1964; the amount of credit particularly, fell below the expected level and the terms of borrowing were less favourable than envisaged in the Plan.

2. GENERAL PRINCIPLES OF FOREIGN TRADE POLICY IN 1965

The principles of foreign trade policy of the 1965 Annual Programme which aim at achieving the main targets of the Development Plan in the field of external economic relations, are summarized below.

a. Increasing Export Revenue :

Approximately 80 percent of Turkey's total exports consists of traditional agricultural commodities for which both income and price elasticities of demand are low. Moreover, year-to-year fluctuations in the prices of these commodities cause parallel movements in the national product, making the allocation of funds that can be invested to export-oriented sectors more risky. In addition to instability and insecurity, the terms of trade are turning against the less developed countries which export mainly primary products. As a result of this tendency the rate of increase in revenue obtained from exports is slower than the rate of increase in quantity.

Because of this situation, the export policy to be followed is designed to increase the range of commodities exported. Thus, the structure of exports will gradually be changed by promoting the export of those manufactured and semi-manufactured goods prices of which do not tend to fall in the long-run and the demand for which is relatively stable from year to year.

As a result of efforts to promote exports it is estimated that the value of exports in 1965, will reach the target of $410 million.

b. Increasing the Revenue from Tourism :

To increase the foreign-exchange earnings of the country, great emphasis has been laid upon the tourism sector in the 1965 Annual Programme. To this end efforts have been made to divert resources that can be invested from alternative uses to this dynamic sector. As a result, it is expected that receipts from tourism will reach $10.8 million in 1969.

c. Transfer of Workers' Remittances :

The emigration of Turkish workers, which started early in 1961, has continued at an increasing rate. This movement will be accelerated while compulsory increases, coupled with incentives, will be taken to provide the transfer to Turkey through official channels of the largest possible part of the savings of the workers abroad. Workers' remittances are estimated to amount to $20 million during 1965.

21

d. Economizing on Foreign Exchange Expenditures :

Difficulties in increasing exports make it necessary to emphasise import substitution. In the selection of investment projects by sectors, factors such as the natural and social endowment of the country, factor intensity of production and comparative advantages arising from the international divison of labour have also played an important role. Furthermore, consideration is given to the relations of Turkey with the European Economic Community (Common Market) in the allocation of resources. As a result of the measures to be taken in these directions, imports in 1965 will not be allowed to exceed the ceiling of $665 million set up by the Programme.

3. BALANCE OF PAYMENTS PROJECTIONS FOR 1965

The method employed in making the balance of payments projection for 1965 is, broadly speaking, similar to that used in the Development Plan and in the Programmes of previous years.

a. Import Projection :

The basis for the 1965 import projections has been, as before, the break-down of total imports into investment goods, raw materials and consumer goods. Estimates are made separately for each of these groups, and they are then summed up to arrive at aggregate import projection. It is assumed that the investment goods import requirements will be 22. 8 percent of total investments in 1965 (the average for 1961 - 1963 inclusive); that raw material imports will increase by 14.5 percent as compared with 1964, the rate at which output in the manufacturing industry is to expand; and that import requirements for consumer goods will remain constant.

Import requirements for 1965 calculated on these assumptions are shown below in Table 243.

TABLE 243 — 1965 Import Estimates (Million $)

	Investment Goods	Raw Materials	Consumer Goods	Total
Gross Normal Imports	308.0	303.5	51.5	663.0
Import Substitution	—14.0	—32.5	—1.5	—48.0
Net Normal Imports	294.0	271.0	50.0	615.0
Serplus Commodity Imports	—	20.0	30.0	50.0a/
Total Imports	294.0	291.0	80.0	665.0

a/ *Of this, 10 million is shown in the invisibles in the balance of payments tables as "Foreign Mission Expenditure".*

The following Table 244, compares the estimates for 1965 with those of recent years.

TABLE 244 — Break-down of Imports by Main Categories 1962 - 1965

(At Current Prices)
(Million $)

	Value				Percentage Changes (Chain Index)		
	1962	1963	1964	1965	1963	1964	1965
Investment goods	228.2	253.6	280.0	294.0	111	110	105
Raw materials	291.5	331.8	280.0	291.0	114	84	104
Consumer goods	102.5	102.1	80.0	80.0	100	78	100
TOTAL	**622.2**	**687.5**	**640.0**	**665.0**	**111**	**93**	**104**

As indicated in the table, imports are estimated to increase by 3.9 percent in 1965 as compared with the previous year. Since exports are assumed to rise by 9.3 percent during the same period, the deficit in the trade balance will drop by 3.8 percent. Investment goods imports are projected to rise by 5 percent and raw materials by 3.9 percent. There will be no change in the imports of consumer goods. Of total imports 44.2 percent are investment goods, 43.8 percent raw materials and 12 percent consumer goods.

b. Export Projections :

Developments in the export-oriented sector, existing potentials of the country, expected changes in the demand for Turkish exports in world markets, and recent developments in the competing countires, have been taken into consideration in the export projections for 1965. In particular, special attention has been paid to the import quotas of the Common Market countries and efforts have been made to stimulate the production of those commodities for which there is an increasing demand in foreign markets and to increase the exportable surplus of certain major commodities in the country.

The Development Plan envisaged that exports in 1965 would reach $394 million. However, if measures foreseen in this Programme are taken wholly and in good time, it is estimated that exports could exceed the Plan and the 1964 Programme estimates by 4 percent and 9.3 percent respectively and could reach $410 million in 1965. All public institutions related directly or indirectly to exporting are obliged to take the measures deemed necessary from the point of view of increasing exports to $ 410 million.

Export projections for 1965 are shown in Table 245 by main commodities and producing sectors.

TABLE 245 — Export Estimates for 1965

Items	Quantity (Thousand Tons)	Value ($ Million)	%
1. AGRICULTURAL PRODUCTS :		325.5	79.4
a. Cereals, pulses and food crops		10.0	2.4
(1) Barley	35.0	2.0	
(2) Lentils	35.0	3.5	
(3) Others	—	4.5	
b. Fruits and vegetables		92.7	22.6
(1) Hazelnuts	45.0	54.0	
(2) Raisins (seedless)	60.0	19.0	
(3) Dried figs	30.0	6.0	
(4) Oranges and tangerines	12.5	1.1	
(5) Lemons	12.5	1.5	
(6) Other citrus fruits	1.0	0.1	
(7) Others	—	11.0	
c. Industrial and forestry products		180.8	44.2
(1) Tobacco	80.0	100.0	
(2) Cotton	130.0	75.0	
(3) Others	—	5.8	
d. Livestock products, game and fish		42.0	10.2
(1) Cow (live) (head)	120.0	6.6	
(2) Sheep (live) (head)	600.0	9.0	
(3) Goats (live) (head)	300.0	3.0	
(4) Raw wool	5.0	4.5	
(5) Mohair	6.5	13.0	
(6) Fish (fresh)	9.0	2.1	
(7) Others	—	3.8	
2. MINE AND QUARRY PRODUCTS :		13.5	3.3
a. Chromium Ore	300.0	6.0	
b. Others	—	7.5	
3. INDUSTRIAL PRODUCTS :		71.0	17.3
a. Copper (blister and electrolytic)	12.0	7.2	
b. Cotton manufacture	2.0	2.0	
c. Fig paste	7.5	1.0	
d. Fish (salted, dried, smoked)	1.0	0.5	
e. Olive - oil	3.0	1.8	
f. Petroleum products	796.0	9.0	
g. Sugar	140.0	14.5	
h. Others	—	35.0	
GRAND TOTAL		410.0	100.0

c. Trade Balance :

A comparison between export and import projections reveals that the deficit in the trade balance is expected to reach $225 million in 1965. Table 246 compares the projected trade deficit for 1965 with that of 1964 Programme estimates and 1963 actual outcomes.

TABLE 246 — Foreign Trade Balance (1963 - 1965) (Million $)

	Value			Percentage Changes (Chain Index)	
	1963a/	1964E	1965E	1964	1965
Imports	—687.5	—640.0	—665.0	93	104
Exports	+368.0	+375.0	+410.0	102	109
Deficit	**—319.5**	**—265.0**	**—255.0**	**83**	**96**

a/ Actual

The ratio of exports to imports is expected to reach 61.6 percent in 1965, whereas it was only 53.5 percent in 1963 and 58.6 percent in 1964.

d. Invisible Transactions :

(1) Tourism

The fact that, in addition, to the favourable climatic and historica conditions of Turkey, world tourism has in recent years tended to mov towards the Southern and Eastern Mediterranean countries, indicates the great potential that Turkey possesses in this field. Expected developments in the tourism sector in 1965 and the measures to be taken to increase the receipts from tourism, which will play an important role in achieving equilibrium in the balance of payments and in increasing the capacity to import, are spelled out in detail in the related part of this Programme under the heading of "Tourism Sector."

Although certain incentive measures have been taken and investments have been increased, so far the results obtained in the early

TABLE 247 — Tourism Receipts and Expenditures (1962 - 1965) (Thousand $)

	Value				Percentage Changes (Chain Index)		
	1962	1963	1964 Expected realization a/	1965	1963	1964	1965
Receipts	8,135	7,659	8,000	10,800	92	104	135
Expenditures	—18,048	—20,511	—20,300	—20,800	114	99	103
Balance	**— 9,733**	**—12,852**	**—12,300**	**—10,000**	**132**	**96**	**81**

a/ Receipts from tourism were expected to reach 21.6 million in 1964 in the Annual Programme. Due to varous reasons it is understood that this level cannot b achieved.

years of the Plan have fallen short of expectations. Despite the estimated increases in tourism receipts in 1965 the tourism balance will continue to indicate a deficit during the current year.

(2) Workers' Remittances

In addition to efforts to increase export and tourism receipts, finding new foreign exchange resources appears to be necessary from the point of view of achieving economic self-sufficiency.

Lack of a sufficient supply of labour in some of the Western European countries has caused the emigration of Turkish workers to countries such as Western Germany and Belgium since the 1960's. The number of Turkish workers abroad which only amounted to some 1,500 by the end of 1961, increased rapidly and exceeded 75,000 by the end of June 1964. It is estimated that this increasing trend will continue in the coming years and the number of workers in Western Europe will reach 500,000 by the end of 1972.

According to the surveys which have been made, monthly net earnings and savings of Turkish workers abroad are approximately $ 125 and $ 50 respectively. In the following table projections of total annual net incomes and savings of Turkish workers till 1972 are indicated.

TABLE 248 — Number of Workers Abroad, Net Income and Savings (1964 - 1972)

Years	Number of Workers (end of year) (Thousands)	Number of Workers (yearly average) (Thousands)	Net Income a/ ($ Millions)	Savings b/ ($ Millions)
1964	100	70	105.0	42.0
1965	160	130	195.0	78.0
1966	220	190	285.0	114.0
1967	280	250	375.0	150.0
1968	330	305	457.5	183.0
1969	380	355	532.5	213.0
1970	430	405	607.5	243.0
1971	470	450	675.0	270.0
1972	500	485	727.5	291.0
TOTAL			**3,960.0**	**1,584.0**
Average			**440.0**	**176.0**

a/ *Since monthly net income is assumed to be $ 125, annual total income per worker is $ 1,500.*

b/ *Since monthly net savings are assumed to be $50, annual total savings per worker are $ 600. These figures are multiplied by the yearly average number of workers shown in column 2 to get annual total incomes and savings.*

It is clear from Table 248 that net annual incomes and savings of the workers abroad in 1965 are expected to amount to $200 and $ 78 millions respectively. As a result of various measures to be taken; the transfer of the largest possible part of the savings through official channels will be secured. However due to the fact that 1965 will be the first year of application of the measures, only $ 20 million is estimated to flow in through the Central Bank. Related ministries and other public institutions are advised to take every necessary measure which will encourage the official remittance of workers' savings.

(3) Other Invisibles :

Other main invisible transactions are transfer of profits; interest payments, freight, insurance and expenditures of Government agencies abroad. With regard to these items estimates are made on the basis of the outcomes of recent years and expected developments in 1965.

Projections for the "other invisibles" are shown below in Table 249.

TABLE 249 — Other Invisibles 1965 **(Million $)**

Foreign debt interest payments	— 28.0
Tourism and travel (net)	— 10.0
Profit transfers	— 6.0
Workers' remittances	+ 20.0
Foreign mission expenditures a/	+ 10.0
Other invisibles (net)	+ 16.0
GENERAL BALANCE	+ 2.0

a/ 20 percent of surplus commodity imports

The net outcome of invisible transactions indicates a surplus of $2 million in 1965 whereas is showed a deficit of $9 millon in 1963.

(4) "Infrastructure and Off - shore" Receipts :

It is estimated that infrastructure and off - shore receipts will amount to $ 46 million in 1965.

Table 250 compares the estimates of current account transactions for 1965 with the outcomes of 1963 and the 1964 Programme estimates.

TABLE 250 — Current Account 1963 - 1965 **($ Million)**

	1963	1964P	1965P
CURRENT ACCOUNT BALANCE :	—279.5	—270.0	—207.0
1. Trade Balance	—319.5	—265.0	—255.0
a. Imports	—687.5	—640.0	—665
b. Exports	368.0	375	410
2. Invisible Items	— 9	— 45.0	2
a. Interest payments	— 31.5	— 30	— 28
b. Tourism and travel (net)	— 13	— 3	— 10
c. Profit transfers	— 1.5	— 12	— 6
d. Workers' remittances	..	..	20
c. Foreign mission expenditures	21.0	10	10
f. Other invisibles (net)	16	— 10	16
3. Infrastructure and off-shore receipts	49	40	46

The table reveals that the deficit on the current account will amount to $207 million in 1965. This is 26 and 23.3 percent less than the 1963 actual outcomes and 1964 Programme estimates respectively.

e. Capital Account :

Estimates with regard to items entering into the capital account are listed below.

(1) Debt Repayments :

Excluding interest, debt repayments in 1965 amount to $187 million. When interest is included in this amount, foreign debt repayments total $ 215 million.

After adding debt repayments to the deficit in the current account, the foreign finance requirement thus becomes $394 million in 1965. Sources of finance for the total deficit are indicated below. Part of it, on the other hand, will be covered through new borrowing.

(2) Surplus Commodity Imports :

According to a three - year agreement signed with the U. S. Government in 1963, $50 million worth of agricultural surplus commodities will be imported in 1965.

(3) Private Foreign Capital :

It is estimated that inflow of private foreign capital will amount to some $ 25 million in 1965.

(4) Imports with Waiver :

Imports with waiver indicate an upward trend as a result of the increasing number of the Turkish workers abroad. Imports through this channel are estimated to reach $ 10 million in 1965.

(5) Available Project Credits :

Imports to be financed through available project credits secured from national and international organizations such as AID, DLF, Eximbank and IDA are calculated to amount to $65 million.

Capital transaction estimates for 1965 are compared, in the following Table 251, with the realized outcomes of 1963 and 1964 Programme forecasts.

TABLE 251 — Capital Transactions 1963 - 1965

(**$ Million**)

	1963	1964P	1965P
CAPITAL MOVEMENTS (Net)	266	305	207
— Debt repayments	—114	—110	—187
— Surplus commodity imports (PL 480)	66.5	40	40
— Private foreign capital	21	35	25
— Imports with waiver	5	—	10
— Available project credits (AID, DLF, IDA, etc.)	111.5	90	65
— Foreign Finance Requirements	176	250	254

f. 1965 Balance of Payments and the Foreign Finance Requirements :

The net result of the deficit in the current account and other capital movements is a deficit of $ 254 million in the balance of payments table for 1965. It is assumed that the deficit will be covered through new external borrowing mainly from the Consortium.

It must be noted that foreign aid, aside from closing the deficit encountered in the current account, adds to the resources which the economy can muster up for investment from purely domestic resources. In fact the Development Plan has foreseen that the ratio of foreig savings to GNP would be 3.4 percent in 1965 (domestic saving ratio 14. percent). According to the 1965 Programme, however, foreign saving are estimated to be only 3 percent of the GNP. In the light of th foregoing argument it is clear that even if sufficient foreign exchang were secured by increasing exports, tourism and other sources of foreig exchange, there would still be a need for external borrowing since th existing level of domestic savings is insufficient for the investmen necessary for an annual 7 percent increase in GNP.

Table 252 summarizes the balance of payments projections for 1965.

TABLE 252 — Balance of Payments Projections for 1965 **($ Million)**

	1965
1. CURRENT ACCOUNT	— 207
a. Trade Balance	— 255
(1) Imports	— 665
(2) Exports	410
b. Invisible Transactions	2
(1) Interest payments	— 28
(2) Tourism and travel (net)	— 10
(3) Profit transfers	— 6
(4) Workers' remittances	20
(5) Foreign mission expenditures a/	10
(6) Other invisibles (net)	16
c. Infrastructure and off-shore	46
2. CAPITAL ACCOUNT	207
a. Debt repayments	— 187
b. Surplus commodity imports	40
c. Private foreign capital	25
d. Imports with waiver	10
e. Available project credits b/	65
f. Foreign finance requirements	254
3. NET ERRORS AND OMISSIONS	—
4. RESERVE MOVEMENTS	—

a/ 20 percent of surplus commodity imports

b/ Financing realized at 1.8.1964

4. FOREIGN BORROWING AND THE CONSORTIUM :

Difficulties arising with regard to the balance of payments transactions are not so much due to existing limits on the increase of exports and tourism receipts as to the fact that the amortization of previous foreign borrowing places a heavy burden on the economy during the plan period.

The following Table 253 compares the debt repayments, including interest, with the export receipts between 1962 - 1965.

TABLE 253 — Debt Repayments as Compared with Exports **($ Million)**

	Exports	Debt Amortization	%	Interest payments	Total debt repayments	%
1962	381.2	97.3	25.5	29.3	126.6	332.2
1963	368.1	114.0	31.0	31.5	145.5	39.5
1964	375.0	107.0	28.5	30.0	37.0	36.5
1962 - 1963 Average	374.8	106.1	28.3	30.3	136.4	36.4
1965	410.0	187.0	45.6	28.0	215.0	52.4

While debt repayments, including interest, were on the average 36.4 percent of total exports during 1962 - 1964, it will rise to 52.4 percent in 1965. Furthermore, the ratio total debt repayments to the expected foreign borrowing will be 85 percent.

Another point which deserves particular attention is that the amount of foreign financing has so far fallen short of the required level and that the terms of borrowing have been significantly different from what are called "development credits" foreseen in the Plan. Indeed, credits granted to Turkey by the Consortium during 1963 and 1964 were smaller than the expected amount; the interest rate was rather high and the grace period was short. On the other hand, since the bulk of the credits granted were tied either to country or to project or both, import prices went up, making programming even more difficult.

These difficulties forced the Government to resort to short - term borrowing from international agencies such as EMA and IMF which entailed repayment during the Plan period which was contrary to the principles of the Development Plan.

In view of these facts, it appears that the deficit in the balance of payments in 1965 must be covered by long - term, low interest development credits. Otherwise, if the amount and terms of foreign borrowing diverge too much from the assumptions of the Plan, the bottlenecks, price instability and a decline in the level of investment will be inevitable.

5. MEASURES CONCERNING FOREIGN TRADE POLICY:

From the viewpoint of achieving the targets foreseen in the 1965 Programme with regard to exports, imports and invisible transactions, the following measures are to be taken.

a. Measures Concerning Exports :

(1) A thorough study is to be made of major export commodities in the light of existing economic relations with the European Economic Community (Common Market). Fields of production in which Turkey may have comparative advantages will also be selected giving particular attention to export potentials and foreign exchange earnings.

The structure of exports will thus be altered through time and more emphasis will be laid upon manufactured goods.

(2) A long term and effective marketing policy appears to be necessary. By examining the opportunities offered in world markets, bulky and stable export possibilities will be investigated. Furthermore, efforts will be directed to signing long-term export agreements.

(3) To prevent falls in export prices and to increase export earnings close attention will be paid to international commodity agreements and if necessary new agreements will be arranged. In this respect special emphasis will be laid on the agreement between Pakistan, Iran and Turkey.

(4) Standards for major export commodities will be fixed immediately and put into effect.

(5) Credits will be made available to exporters on easy and favourable terms and in sufficient amounts.

Easy credits will be provided, particularly for hazel-nuts, dried raisins, dried figs, mohair, pistachio nuts, olive oil and similar main agricultural export commodities. A survey is to be made on organizing a separate finance institution which will provide credits to exporters on easy terms.

(6) A general and stable policy will be established for main export commodities, covering production, stocks, transportation and exports.

(7) Public and private institutions which aim at organizing and stabilizing the major export markets in order to increase export earnings will be provided with the sufficient and necessary means to carry out their functions. If deemed necessary, new institutions will be created.

(8) Public agencies and the Unions will ensure that the prices offered for purchases of major export commodities from the domestic market are not higher than the world prices for those commodities so as not to curb export opportunities.

(9) The Export Promotion Centre will speed up research on export commodities. Necessary modifications will be made in the statutes of the Centre to provide it with better methods.

b. Measures Concerning Imports :

(1) The 1965 import programme will be prepared in such a way that total imports will not exceed the ceiling of $665 million.

(2) The measures envisaged in the 1963 and 1964 Programmes will continue to be implemented during 1965.

(3) Priority will be given to imports considered necessary from the point of view of the targets of the Development Plan, and imports of investment goods and of other key commodities will be secured. Foreign exchange allocations for investment goods imports will be made in due course.

c. Measures Concerning Invisibles :

(1) Tourism :

Measures with regard to increasing the receipts of and for restricting the expenditures in tourism are spelled out in detail in the related Sector Programme.

(2) Workers' Remittances:

The purpose of the general policy to be followed is to increase the number of Turkish workers going abroad and to facilitate the transfer of the largest possible part of their savings through official channels.

(a) The Ministry of Labour will take measures to co-ordinate emigration to Western Europe; arrangement of orientation courses and in the selection of workers going abroad; give priority to regions of widespread unemployment and to public institutions where there is surplus labour.

(b) The Ministry of Finance, Ministry of Labour and the Central Bank will carry out the measures suggested in Report No A - 4, dated June 1964, which was approved by the High Planning Council.

(c) Public institutions such as state - owned banks and the Meat and Fish Organization, will investigate the opportunities of opening branches in those regions of Western Europe where Turkish workers are concentrated. If these surveys prove to be profitable, the institutions will take the necessary steps to establish their branches.

IV. REORGANIZATION

A. REORGANIZATION IN THE ADMINISTRATION

In corformity with the 1964 Programme, "The Commission for Reorganizing Administration and Administrative Methods" has been set up by Decree No. 6/3167 of the Council of Ministers, dated 5.6.1964, This Commission which comprises representatives from related public institutions and university teaching staff, has been assigned the duty of carrying out complementary studies on the "Report on the Board of Directors for Central Government Organization Research Project", and will take the necessary organizing measures for administration, adminstrative methods and personnel problems.

The Commission which started its work in July 1964 shall complete its studies on the statutes of local government by the end of this year. Common working methods for all the administrations and a decision on the form and authority of each unit shall be reached. Reorganization studies for 1965 are as follows :

1. The purpose of administrative reorganization is to make regulations that will facilitate economy in the executive organization and secure harmony in the relations among all the administrations.

The administration shall be reorganized by administrative decrees within the framework of the constitution as much as possible. Long judicial methods must be avoided.

2. A Development Committee shall be established in each ministry. These Committees shall assist in the implementation of the above mentioned project and of the principles adopted by the Commission. These committees shall also act as the liaison between the Commission and institutions with reorganizational problems.

3. For a well functioning administration, bureaucratic methods must be simplified and a system common to all the administrations must be

adopted. Thus, subjects such as financial methods, documentation, filing and records work, building, repair and maintenance services, storing and distribution work, the supply of office equipment, press and publication activities, typing services, and the collecting of regulations which are common to all ministries, offices and establishments, shall be such as to facilitate the execution of state administration in the most economical and rational way.

The basic principles and implementation methods for carrying out these functions shall be decided by the Commission. In future a central unit to deal solely with this subject shall be established.

B. REORGANIZATION OF STATE ECONOMIC ENTERPRISES

1. GENERAL SITUATION

Reorganization Law No. 440 and State Investment Bank Law No. 441 concerning the reorganization of State Economic Enterprises have been in effect since March 1964, when they were passed by Parliament.

The main and fundamental target of the reorganization studies on the State Economic Enterprises is to create more funds and a greater degree of profit by providing them with administrative freedom and ensuring that they are run according to modern business principles.

The Reorganization Committee of State Economic Enterprises foreseen by Law No. 440 was constituted and began its activities immediately. This Committee, by establishing a technical organization composed of foreign and Turkish experts, has started on the internal reorganization of the State Economic Enterprises.

2. MEASURES TO BE TAKEN IN 1965

The independant functioning of State Economic Enterprises within the principles of the Five Year Development Plan and Law No. 441 necessitates, in general, changes of concepts and attitudes. These changes have also become necessary in regard to the present administrative status of related enterprises. The following measures will be taken and implemented in 1965.

a. The boards of directors, general directors and other executive and administrative personnel of the enterprises shall familiarize themselves thoroughly with the authorities and responsibilities which have been delegated to them. In accordance with these, they will make necessary and timely decisions and put them into effect quickly.

Delays in the decision - making process and the execution of decisions will be avoided, so that the inconveniences resulting from such delays will be eliminated.

b. The key personnel of high level management in enterprises will clearly understand that they are free to run their businesses without having to refer or report to the related ministries for approval in every business matter. They may only have recourse to the related ministry under such conditions as are outlined in the law.

c. Government authorities will abide by the principle of the administrative independence of the State Economic Enterprises and avoid exercising any influence which is beyond their authority on the Enterprises.

d. The Enterprises will operate in accordance with modern business principles so as to create more funds, and will pay special attention to accomplishing the following measures :

(1) The prices of the goods and services produced by the Enterprises will be freely determined on the optimum level, and should be based on market research, capacity and cost analysis.

(2) Special attention will be paid to the full utilization of plant capacities; to existing goods and services and to potential products. Marketing surveys will be conducted in order to increase sales, volume and the utilization of capacity; annual business budgets such as operational, financial and investment budgets will be used as administrative, financial control tools,

(3) All Enterprises, especially those working on job-orders or on an intermittent basis will adopt the "standard cost" system so that they will be provided with a sound cost control tool to eliminate the chances of missing sales orders.

(4) The Enterprises will reformulate their personnel policy in such a way that the most competent and capable personnel will occupy the top management and other key positions.

(5) Existing personnel policies and the excessive number of employee's, which have an undesirable influence on the profit potential of the State Economic Enterprises will be revised and adjusted by the State Personnel Department in accordance with present day needs and with the new philosophy incorporated in Law No. 440.

(6) In order to eliminate the financial burden and drawbacks created by the excess number of personnel, the Enterprises will employ no new personnel unless they are absolutely necessary and will tranfer their excess personnel to new plants and factories.

e. Government organizations and enterprises will provide all the necessary assistance and collaboration with the "Reorganization Committee" in order to achieve the reorganization of the State Economic Enterprises.

C. LAND REFORM

1. General Situation

The principal measures for securing the objectives of land reform as foreseen in the First Development Plan are outlined in the previous Programmes, therefore, the reasons which necessitate the land reform in Turkey will not be discussed in this section. Furthermore, measures to be taken in 1965 covering various aspects of the subject have been based on the assumption that the necessary work of the past years has been completed. In case this was not realized, priority will be given in 1965 to the completion of the work that should have been done in 1964, and will be proceeded with in accordance with the measures below.

2. Measures Relating To Research

Among the policies which are to be followed in different sectors of the economy, those related to land reform have a special significance because they produce a social, economic and institutional framework for agricultural development. It should be noted, however, that the principles on which land reform is based do not only involve adjustments in land ownership among peasant cultivators who depend on the land but are part of a wider change in the social and economic structure of the community.

Against the background of these considerations the objectives of the reform can be summarized under two major categories.

1. To remove such impediments to agricultural production as arise from the charactor of the agrarian structure.

2. To create conditions for evolving as speedily as possible an agrarian economy with high levels of efficiency and productivity.

The two aspects mentioned above are so closely related that it is almost impossible to examine either one without giving close consideration to the other. Improvements in the rental system are expected to give the tenant his rightful place in the agrarian system, and by reducing or eliminating the burdens he bore in the past provide him with greater incentives for increasing agricultural capacity. Similarly, reduction of disparities in the ownership of land is essential for developing a co-operative rural economy as co-operation exists best in homogeneous groups in which there are no great inequalities.

The above explanations clearly reveal that the implementation of reform, which is a complex problem, necessitates scientific research. In fact, the establishment of a research department under the organization responsible for carrying out the reform, has been included in the 1964 Programme. The fields in which research will be conducted by this department are shown below according to main categories.

a. Physical inventory research

b. Socio-economic research

c. Research to determine the methods for a basis for publicity.

The point to be most carefully considered here is the realistic determination of the subjects that should have priority in each section and the collection and evaluation of the most urgent information within the desired time. In this way, time wasted on unnecessary or less urgent subjects could be decreased and the loss of opportunities for using the research on implementation could be avoided.

3. Measures Related To Organization

The implementation of land reform legislation will place additional burdens, extremely complicated in nature, on the Government. In order to focus the efforts of the Government on the objectives of the reform and to maintain efficient co-ordination among the different ministries, the establishment of an independent organization with qualified personnel and adequate material is essential. A research department under this organization and special courts to arbitrate land disputes are the other two major units which will be engaged in land reform activities.

In 1965 the following work will be carried out concerning organizational matters.

a. In case the work included in the Programme for the previous years is not completed by the end of 1964, priority will be accorded to the completion of this in the shortest possible time.

b. A system which will ensure performance in the most economic and rapid way, will be provided for the organization responsible for the implementation of land reform in 1965.

c. There are two main duties of organization. The first of these is the technical and physical studies on collectivism, cadastre and land distribution, etc. The second is the studies required to achieve the work mentioned in the first group. In addition, putting the studies made by the research department into a practical form is one of the functions of this establishment.

d. Importance will be attached to the training of the personnel who will participate as civil servants in the implementation of the reform. If a critical shortage of technical personnel exists possibilities of getting technical assistance through international agencies of bilateral agreements should be investigated.

4. Other Measures

a. The regulations which enable the executive organization to secure the provisional transfer, sheltering and nourishing of those people who are to benefit from agricultural re-settlement, will be put into effect.

b. The necessary measures will be taken for the agricultural training of children and adults in land reform areas.

c. Priority will be given to medium- and long-term credits in order to help achieve in the shortest time possible a productive system on the family holdings which will be created with the implementation of land reform. The measures forecast in the 1964 Programme concerning the improvement of the terms and interest rates of these credits from the point of view of the farmer, will be implemented effectively.

D. REORGANIZATION MEASURES APPLICABLE TO THE PUBLIC SECTOR AS A WHOLE

1. Personnel Problems

a. The basic principles regarding recruitment, grading, training and rights of personnel working in State Economic Enterprises and in departments carrying out public services, are outlined in Decree No. 6/1701. The draft of the new Personnel Law, which is being prepared by the State Personnel Department, has been framed in accordance with these principles and will be enacted in 1964.

b. In the case of the Personnel Law not being put into effect, or other measures not being realized, priority will be given in 1965 to the completion of the enactment of this bill.

c. The Personnel Law will cover the general rules by which all the personnel working in the public sector will be bound. A general uniformity of the statutes governing civil servants, temporary, contractual and daily workers will be achieved.

d. Using the principles of the general law as a basis, each major department in the organization such as departments with general and annexed budgets, State Economic Enterprises and local self-government, will make arrangements for special rules and measures of personnel administration and personal rights.

e. Each department will do what is necessary to create a system to provide for maximum efficiency and, if required, will take extra and special measures to achieve this end.

f. With this concept in mind and in order to avoid shortage of teachers in the Ministry of Education, in 1965 efforts should be made to accomplish the following work.

(1) Studies related to Research

Many people who have graduated from teacher training colleges are now working in other fields. Research will be undertaken to determine the reasons for this situation and also to determine the socio-economic conditions of students. On the basis of the findings of this research it will then be possible for the Ministry of Education to establish a long range policy regarding requirements in the teaching field.

(2) Seniority of those returning to the teaching profession

When graduates of the teacher training colleges who have been working in other professions return to teaching they will be accorded the seniority which corresponds to the requirements of the teaching post. Teachers who have been working in other fields since the date of their graduation, will also be accorded a certain seniority. This provision will encourage teachers to return to the teaching profession and will allow the educational system to benefit from the existing potential. The necessary regulations will be prepared and put into effect during 1965.

(3) The criteria used in making appointments are outdated. These regulations will be revised to meet present day requirements.

(4) Promotion terms in under-developed regions

From the results of entrance examinations to colleges and universities, it is noted that a very low proportion of candidates from the high schools of Eastern and South-Eastern Anatolia are successful. This situation can be traced to the lack of teachers in such under-developed regions. This need for teachers should be met and a more equitable distribution of teachers throughout the country secured. For this purpose, teachers working in under-developed areas will be provided with different and more favourable conditions and terms of promotion.

(5) Orientation of high school scholars towards the teaching profession

To obtain better results in teaching services and to train personnel to a satisfactory standard, efforts will be made to publicize the profession and to channel young students towards teaching.

(6) Providing hostels for students whose parents are teaching

There is a heavy application for teachers appointments in city areas because teachers wish their sons and daughters to be educated in the city. However, as teachers all have to serve a term in a country area, their sons and daughters stay in hostels provided by the Ministry of Education. These facilities are at present inadequate and therefore must be enlarged. The financial quota for this purpose should be adjusted realistically in order to reduce the pressure for appointments to cities.

2. Problems Of Efficiency In The Public Sector

In the 1964 Programme measures were foreseen for getting the maximum efficiency from the existing capacity and for avoiding wasteful expenditure.

If the measures relating to the adjustment of working hours and the staggering of leave arrangements throughout the year have not been implemented, priority will be given to these in 1965.

One of the basic principles of the Development Plan is that a limit is maintained on the increase of current expenditures in the public sector; the distribution of resources in various sectors is based on the assumption that this principle will be followed.

Observations of the implementation of the past two years indicate that there are still some measures which should be realised in order to comply with the above-mentioned Plan targets.

The following will be carried out :

a. Public Agency Vehicles

In the 1964 Programme it was decided that public agencies should not have private bus services in cities and towns where public transportation exists. However, this measure was not adequate. In fact the problem is how to benefit from all the vehicles in the public sector in the most economic way and to prevent their unauthorised utilization. Under the circumstances, more effective measures should be taken :

(1) The implementation of the measures foreseen in the 1964 Programme on the subject of buses, will be continued.

(2) Transport Law No. 237 will be amended according to Plan principles. The aim of the amendment will be to prevent the use of vehicles for unnecessary purposes and to reduce the number of public officals who have vehicles assigned to their use.

(3) In general, public organizations buy vehicles to suit their current needs without considering the nature and duration of the requirement, thus causing unnecessary increases in expenditure. To obtain full benefit from public vehicles a new system will be adopted.

(a) At the provincial and district level, research on the possibility of directing the vehicles of provincial units and local administrations, which are connected with the general budget, from one department responsible to the administrative governor, will be completed in the first three months of 1965.

(b) In cases where the hiring of cars and buses is considered to be more economical, this system will be adopted.

(c) Customs of using vehicles reserved for national defence services for purposes other than military use or for organizations not connected to the general budget, will also be reviewed in the light of the principles indicated above.

b. Running expenses

Measures will be taken to ensure the utmost economy in the 1965 running expenses of public organizations. In particular, except where absolutely necessary, no new furniture, stationery, equipment, fixtures, fittings or vehicles, etc. will be bought by the administrations. In new units, furniture, fixtures and stationery requirements will be met from the surplus of the organization to which they are attached. In this subject, the principles of economy and simplicity must be considered as the most important rule in future years. In making allocations for running expenses, the Ministry of Finance shall abide carefully by this rule.

V. GUIDANCE TO THE PRIVATE SECTOR

1. General Situation

Turkey has a mixed economic structure in which public and private sectors function side by side. The Development Plan was prepared on the basis of the possibilities presented by the social order and the economic resources of the country, without trying to reach a premature final conclusion on the growth of the public and private sectors. Development possibilities for the private sector are being planned in such a way as to achieve the objectives of the Plan and to raise total savings and investments to the highest possible level. In determining targets for the economic activities of the public sector, development potentials and trends in the private sector as well as public welfare are being taken into consideration.

The main principles of the Plan mentioned above are being closely followed in the preparation of the Annual Programmes and a particular effort is being made to shape the economic activities of the public sector according to the propensities of the private sector. However, sufficient data on the activities of the private sector is not being obtained on time, because a research system which could closely trace the activities of the private sector has not been developed and because the latter tends to be reticent about its activities. Therefore, lack of knowledge on the capacity of the private sector in certain fields results in the programming of new investments in the same fields by the public sector. This duplication does not conform to the objectives of planned development, namely tne prevention of waste in reources and the establishment of balance among sectors.

There is a scarcity of statistical data from which to follow and evaluate private investment. Howover, certain indicators and investigations reveal that in 1962 and 1963 the private sector realized the expected volume of investment.

2. Estimates Of Private Investment In 1964

According to the enquiries conducted by the State Planning Organization for the purpose of determining the investment trends of the private sector, it is expected that the investments of the latter in 1965 will, in conformity with the amounts foreseen in the Development Plan, approximate to TL. 5 billion, based upon 1963 prices.

Therefore, the total of the private investments will have recorded an increase of 9.6 percent in comparison with 1964. Considering that investments in the Ereğli Iron and Steel Works, which totalled TL. 500-900 million per annum over the last three years, will decrease to TL. 70 million this year, it is necessary that the other private investments record as high an increase as 20 percent in order to maintain the increase mentioned above. In order to realize this important increase in private investments, measures were taken to support the private sector and efforts were made to increase financing possibilities.

The breakdown of the 1965 private investment estimates by sectors is shown in Table 254.

TABLE 254 — Private Investments by Sectors (Million TL.)

		Programme Targets		Percentage Changes (Chain Index)	
	1963 a	1964 b/	1965 c/	1964	1965
Agriculture	400.0	600.0	730.0	150	122
Mining	105.0	240.0	200.0	229	83
Manufacturing	1,445.0	1,374.0	1,100.0	95	80
Energy	20.0	48.0	110.0	240	229
Transportation	60.0	140.0	350.0	233	250
Tourism	50.0	70.0	150.0	140	214
Housing	1,756.9	2,000.0	2,300.0	114	115
Services	10.0	10.5	40.0	105	381
Education	10.0	10.0	10.0	100	100
Health	15.0	7.5	10.0	50	133
T O T A L	**3,871.9**	**4,500.0**	**5,000.0**	**116**	**111**

According to 1961 prices
According to 1962 prices
According to 1963 prices

The last three very good crop years have entailed increases in the investments by farmers in agriculture. As observed under "Manufacture of Agricultural Machinery", the demand for agricultural implements and machinery in 1963 was high in comparison with previous years. Therefore, in 1965, the private sector will invest an estimated amount of TL. 730 million in agriculture, most of which will be in agricultural machinery and the remainder in irrigation, nursery stock and seeds, animal husbandry, storage and water products.

It is estimated that reduced export possibilities for certain minerals and the completion of most of the investments made for the development of the mines essential to the Ereğli Iron - Steel Works, will lead to a decrease in the tendency to undertake mining investments.

The estimates for investments in manufacturing are based on the results of the enquiry conducted by the State Planning Organization. This enquiry reveals that 1964 investments will not reach the level aimed at by the Programme and that there is a likelihood that TL. 1 million will be invested in 1965. In addition, the private investment target was raised to TL. 1.1 million on the hypothesis, that new possibilities will arise and that supplementary measures will be taken to encourage the private sector to make investments in the manufacture of machinery in other fields of industry, such as canning and fruit juices and in those branches of the chemical industry which did not during the last two years, record the desired development in spite of the fact that this development was foreseen in the Plan.

A considerable increase will be recorded in the private investments undertaken in the field of energy. This increase is due to the commencement of construction of the Mersin Thermic and Kadinçik Hydraulic plants by the Çukurova Electric Power Company.

The last two years' indices for the transportation sector show that private investments, particularly in transport vehicles, exceeded the amount set forth in the Programme. The severe competition in road transport persists due to the lack of measures to reduce the disorder in this sector. It is estimated that private investment in 1965 will be in the vicinity of TL. 350 million in spite of the organizational and limiting measures to be taken.

It is hoped that investments in tourism, will be realized above the targets of the Plan this year, particularly by the private sector. Measures to increase incentives and new sources for financing in this field were foreseen in the Programme.

The effects of the measures taken to divert the investments in housing to other productive fields have not yet been felt completely. Investments are being diverted to the field of social housing by way of public credits and taxation.

3. Measures For Inducement And Guidance

Political and economic stability, together with the insurance and safeguarding of security, are the main conditions for the development of private investments at the rate foreseen in the Plan. Importance will be accorded in 1965 to the continuation of the present security and stability. The main condition necessary for securing private investment in the fields foreseen in the Plan and for developing these investments will thus have been safeguarded.

The implementation of the measures, stated in detail below, concerned with the inducement of private investments and guidance to the private sector, is foreseen in 1965.

a. The most suitable sectors and branches for the application of investment allowances according to the conditions stipulated in the Laws on Income and Corporate Taxes, are listed in Table 255. It is expected that in order to benefit from investment allowance, private investments will be directed to these sectors and branches. Demands for the application of investment allowance to these fields and to fields other than those specified, will be examined and acted upon according to the procedures laid down in the law.

TABLE 255 — Fields in which Application for Investment Allowances is Considered Suitable

Sectors	Various Branches of Industry
[illegible]	Facilities to be set up for the sorting, grading and packing of agricultural products by modern methods.
[illegible]	All of the industrial branches included in this sector, especially exportable minerals, copper, boracite, magnesite, and marble
[illegible]	Meat preparations, reduction of bone into meal, processing of blood, manufacture of gelatine from bone, of sucuk (Turkish sausage), sausage and salami
[illegible]	Pasteurized milk, butter, infant foods, manufacture of powdered milk by advanced techniques and various facilities for cheese production
[illegible]	Fruit juices, manufacture of concentrates, canning facilities working with advanced methods
Beverage	Wine, sparkling wine
[illegible]	[illegible] cloth, ready-made clothing, artificial and synthetic fibres manufacturing facilities
[illegible]	Facilities for processing hard wood, artificial wood and pulp factories, manufacture of fibre plaques and machine-made furniture
[illegible]	All branches connected with paper manufacture.
[illegible]	Tractor tyres, rubber tubes, bolts, conveyer belts, rubber articles used in industry
[illegible]	Plastic parts complementary to the manufacture of plastic pipes
[illegible]	Pickling and advanced processing facilities, footwear and ready-made leather-wear industry

TABLE — 255 (continued)

Sectors	Various Branches of Industry
Printing Industry	Off-set shops, foil, paper, aluminium blocks, machine printing on cellophane and plastic materials - and facilities related to the above
Chemical Industry	Plasticizer substances, manufacture of rose-oil and other essences, pigments, printer's ink, magnesium sulph… acetone
Non-metallic Products	Machine-made bricks, manufacture of light concrete building material
Iron-Steel and Metallurgy	Branches in which domestically extracted ores … processed for export
Metal Goods	Metal ropes, medical apparatus, manufacture of hand tools
Manufacture of Machinery	Diesel and gasoline engines, special pumps, machines … textile plants, fans and aspirators, compressors, industr… furnaces, lifting and loading machinery, road constructi… equipment, machinery for food-processing plants … machinery for preparing soil, valves and vans, medi… and sanitary instruments, road cylinders, manufacture … printing machines, meters, manufacture of gear … boxes, various machines and moulds
Agricultural Implements and Machinery	Manufacture of agricultural implements and machi… other than tractors
Manufacture of electrical machinery & apparatus	Electric motors and generators, power transfor… telephone apparatus and switchboards, isolating … circuit breakers, section insulators and switches
Motor vehicles	Plants representing investments of over TL 50 …
Storage	Modern storage and conservation facilities
Tourism	All investments complying with the regulations co… qualifications for tourist … (other than luxury)
Energy	All secondary energy facilities

b. The refund of taxes on exported goods for investments accordi… to Law No. 474 will be based upon Table 255. Those matters a… requests remaining outside of these will be examined and acted upon according to the procedures laid down in the Law.

c. Necessary provisions will be prepared for credited imports a… the acceptance of foreign credits, in order to procure financ… facilities for the private sector.

d. Financial Measures

The financing of private investment is based upon the savings … the entrepreneurs, the credits secured and the development of th… capital market. Studies concerning the latter, which is the most …

important of the three sources mentioned above, are still in progress. In view of the fact that the accumulation of small individual savings and the channeling of them to investments in the field of industry in particular, will only be possible through the establishment of a capital market, studies concerning the capital market will be concluded in 1965 and the actual establishment of this market will be undertaken.

e. For the purpose of inducing private investment, taking into account the diversion of the said investments towards Plan targets, the selective credit system will be applied in such a way as to ensure adequate operational and investment credits at low interest rates. Bearing this objective in mind, the Central Bank, the system of banks, and particularly the Industrial Investment Bank and the Credit Bank, will determine the principles according to which their credits may be used effectively and in conformity with Plan targets.

f. From the viewpoint of Taxation Policy, which is one of the most effective means of diverting and inducing private investment towards the Plan targets, provision has been made for investment allowances and accelerated depreciation during the period of application of the Plan. In 1965, these measures will be inspected by a group of representatives from the Ministries of Finance and Industry, State Planning Organization and the Union of Chambers of Commerce, and will be revised in such a way as to make them more effective and consistent. If necessary, new measures will be established and recommended during these sessions.

g. So that the private sector invests in the fields foreseen in the Plan and in enterprises of sufficient economic size, it is necessary that detailed projects conforming to international standards be prepared. The studies conducted for the preparation of projects have remained inadequate so far. Considerable importance will be accorded, in 1965, to the foundation of an establishment which would meet the project requirements of the private sector or to the development of this subject by the Union of Chambers of Commerce.

h. Activities Introducing the Plan

In order to introduce the idea of planned development and to secure understanding and co-operation of entrepreneurs, a programme of seminars, lectures and displays will be determined and organized by the State Planning Organization and the Union of Chambers of Commerce.

i. Marketing

In the light of the importance of foreign trade in economic development and the association in 1963 with the Common Market, the activities dealing with marketing will be developed and accelerated. A close co-operation will be secured between the public establishments connected with this objective and private establishments (the Union of Chambers being the principal one) under the administration and co-ordination of the Ministry of Commerce. Detailed measures to be determined out of these co-operative studies will be put into field of application.

j. Inducement of Quality in Manufacturing

Measures to acknowledge and encourage industrialists who produce high quality goods and who introduce them to the markets, as well as measures to prevent the consumer from being deceived by imitations of these goods, will be put into effect by the Ministry of Commerce in 1965.

PART V

OTHER IMPLEMENTATION METHODS

I. COMMUNITY DEVELOPMENT

1. General Situation

The community development method which has been described in detail in the Plan and in the 1963 and 1964 Annual Programmes, is a tool to develop the economic, social and cultural conditions of the Turkish community and to secure a closer co-operation of the people in national development.

In 1963 and 1964, the State Planning Organization assumed the major responsibility for the execution of the Community Development Programme in close co-operation with the various interested ministries. The experience of these two years has been helpful in determining the strategy to be adopted in 1965 and in subsequent years.

2. Activities In 1965

a. Diffusion of knowledge regarding Community Development.

(1) Targets

(a) To induce a change in the attitude of the people wherever it conflicts with the economic, social and cultural development of the community. To create an atmosphere which will be conducive to this development, and to take the necessary steps to secure the voluntary participation of the people.

(b) To encourage the establishment of local citizens' organizations in order to develop and promote the idea of self-help and mutual assistance.

(c) To ensure the co-ordinated use of the technical knowledge and the potentials of the government departments concerned, in order to solve problems in villages in a comprehensive manner.

(2) Nature of Activities

(a) To co-ordinate the activities of district and village committees in accordance with the principles of community development, while at the same time initiating constructive development activities at the village level. To secure the co-operation of the people with the ministries concerned in identifying and solving the problems for which the programmes have been drawn up.

(b) To train central government personnel for the promotion of community development through courses in the various ministries, to organize seminars to train goverment personnel and village leaders at the provincial, district and village levels, all in close co-operation with the related ministries. To train government personnel who play an active role in community development through courses and seminars in various educational institutions and through technical-aid programmes in foreign countries. To prepare training programmes to be implemented at all levels as required by pilot project activities

(c) To undertake research in co-operation with various ministries and public officials to determine the social, economic and cultural problems which are retarding development in the pilot project areas. To evaluate the activities, methods and techniques of community development in the pilot project areas at every stage

(d) To prepare documents and reports on community development programmes, principles and pilot project activities, and to ensure their distribution for the guidance of government organizations and public officials. To make these activities known to the public.

(e) To make it possible for local authorities and official organizations which provide services to villages and which have basic responsibilities in community development, to assume their roles in implementing community development through co-ordinated activities, and to initiate the preparation of the necessary programmes

(f) To ensure the necessary horizontal and vertical co-ordination at the local and central levels in the application of community development measures.

(g) To study and evaluate the activities in areas which, although outside the pilot project areas, have achieved notable progress in the field of community development through local initiative. To prepare documents covering such activities and make them known to officials responsible for community development

b. Measures to be taken

(1) The pattern of work evolved by the departments concerned in 1963 and 1964 in the field of community development will continue in the pilot project areas. This programme will gradually be introduced in other provinces. The Ministry of Village Affairs will be responsible for the execution of the programme.

(2) Research will be undertaken to co-ordinate regional planning activities with comprehensive community development programmes.

(3) The objectives of community development shall be widely publicized in order to elicit public support.

(4) The duties to be performed at various levels in the community development programme and the co-ordination to be achieved will be defined. These activities shall not hinder the regular functions of such organizations in connection with their annual programmes, but rather make them more effective.

(5) Studies as to how local authorities, who have the major role to play in connection with community development, can best operate in this respect, will be taken into consideration during the reorganization of local administrations.

(6) Funds will be provided to local authorities for the purpose of stimulating community development activities. Funds earmarked by various public organizations to support village projects will be disbursed in a manner consistent with the objectives of community development. These funds will be allocated by governors who must carry the major responsibility for community development.

(7) The various public organizations shall assign part of their headquarter personnel, for specific periods of time, to meet the requirements of local authorities for technicians.

(8) A Community Development Institute will be established to train, through both short- and long-term courses, the personnel required for community development, and to conduct research in the field of community development.

(9) Work will proceed in the light of the urban community development methods evolved during 1964.

II. REGIONAL DEVELOPMENT

A. REGIONAL PLANNING

1. General Situation

Multi - purpose regional planning, which is considered to be a complementary part of the national Development Plan, serves as a means of minimizing inter - regional unbalances and of achieving development on a national level.

The real purpose of the 1964 Programme was to develop the techniques and the methods of analyzing and programming applied in the centres and the provinces and to use the information gathered thereby to integrate regional planning projects and proposals with the Annual Programmes.

2. 1965 Programme

In accordance with past experience, the Programme will be carried out in response to the country's needs and to demonstrate positively the means and decisions which will influence regional development on a national level. The methods of application will be implemented throughout the country and in under - developed regions, a special policy will be followed.

a. Central Government Studies

(1) Methodological Studies

To evaluate and develop the methodological analysis, particularly the regional studies.

(2) Basic Research throughout Turkey

Measures will be taken to check the regional studies with the economic and social index studies which were made to determine inter-regional differences. These indices will be elaborated systematically.

Throughout Turkey, the information from past studies correlating regions and developing areas will be collected and developed as much as possible.

(3) Research in Connection with the Distribution of Investments

The criteria for investment proposals and regional development projects will be systemized and improved.

A research project will be prepared in order to follow-up and evaluate the social and economic effects.

(4) Analysis of Internal Migration

In order to formulate policy measures based on the first studies made in Turkey, the advantages to be gained by the settlement of migratory people, with particular regard to under-developed regions, and pilot studies (land reform, etc.), will continue to be investigated.

(5) Co-ordination Studies

(a) The measures resulting from studies on regional planning, urbanization, resettlement, industrialization and community development will be implemented.

(b) Regional pilot studies on the subjects of technical and administrative co-ordination will be improved.

(c) In regions where intensive public investments are to be made, a systematic method will be developed for determining regions and sub-regions and the timing and priority of observation and planning studies by executive offices.

(d) In those provinces where regional projects exist, a close and effective co-operation will be established with the Provincial Co-ordination Boards for the preparation and implementation of the Plan.

b. Studies in Regional Pilot Projects

(1) Antalya

(a) Sectoral studies will be completed and the principles of regional development established.

(b) Measures, proposals and investment projects will be closely integrated in accordance with the national Plan targets and the regional studies will be covered by the Annual Programmes.

(c) Studies on the use of land will continue.

(d) After the United Nation's Food and Agricultural Organization's experts leave the Antalya region, a unit will be established to continue their methods and co-ordination.

(2) Çukurova

(a) Detailed studies will be made in the selected priority sectors.

(b) Sectoral studies will be improved as a part of multipurpose regional planning; in addition to the investment programmes, suggestions and measures will be incorporated and co-ordinated to form a whole with the principles and targets of the national Plan.

(c) Studies on the use of land will be continued.

(d) Co-ordination on the regional level will be ensured.

(3) Marmara

(a) Priority scales will be determined for related projects and the implementation phases will be co-ordinated.

(b) Studies concerning industrial districts, industrial complexes and public services will be carried out.

(c) Sub-regional studies and surveys will be continued.

(4) Zonguldak

(a) Efforts will be made with the co-operation of the related organizations to establish projects based on completed studies.

(b) In order to follow up the proposals in the Annual Programme for regional development, co-ordination will be ensured.

(c) Sub-regional studies will be improved.

(d) Measures to prepare detailed planning for assisting the related sectors in multi-purpose regional planning will be developed with special emphasis on secondary regions in pre-project studies.

(5) East and South-East Anatolia

Socio-economic surveys and related data will be developed centrally and provincially for multi-purpose regional planning. Sub-regional studies of the Keban Project will be co-ordinated with the related departments.

(6) Aegean

The information collected from the central government and the provinces will be evaluated according to its comprehensiveness and reliability, the characteristics of a region being compared with Turkey as a whole. Inventories of the sector will be completed.

(7) Central Anatolia

While collecting data and making investments, the potentials and the needs for developing this region shall be established. A special method will be developed in order to co-ordinate large investment projects.

B. PROGRESS IN UNDER - DEVELOPED REGIONS

1. General Situation

In conformity with the targets and strategy of the Plan, attention must be paid to under - developed regions to eliminate the imbalance among regions.

The realization of the social targets of the Plan will depend on the selection of schemes by different establishments which will maintain equality in income distribution, especially the distribution of public services and the provision of benefits from those services.

In accordance with measures in previous years, importance will be attached to the co - ordination of investment programmes and services in the under - developed regions, and in research and inventory studies priority will be given to those regions.

Studies will be made to establish the social and economic levels of under - developed regions and to analyse migration problems. Research will also carried out to follow up investments and to channel them into these regions. Steps have been taken to establish units in the ministries, to deal with Eastern Turkey and to co - ordinate the the programmes of the establishments concerned in the Keban Project.

2. 1965 Studies

In 1965 studies shall be made to co - ordinate various scattered activities and research from the point of view of aims, time and establishments. The problems which are faced in the implementation period will be solved in order to realize investments and to increase productivity. Priority will be given to rationalizing the activities of government agencies and to programming a long - term policy for the progress of under - developed regions.

3. Measures

a. Under - developed regions will be determined and designated according to the principles of the Development Plan.

b. A long-term programme will be prepared to ensure progress in under-developed regions. This programme will show :

(1) The application and the extent of research in under-developed regions.

(2) Priorities and criteria of settlement orders, sub-structure and public services.

(3) In order to channel investments into these regions, various incentives will be offered, such as the Development Fund which can be provided by the Development Bank, information and technical assistance, tax credit and marketing facilities and personnel and training facilities so as to create additional income and new fields of labour.

c. Studies and investments in under-developed regions will be shown separately in the Annual Programmes to facilititate co-ordination and implementation.

d. Measures will be taken at the proper time to make investments in under-developed regions, to increase the rate of productivity, to provide investment goods on a rational basis, avoid shortages in technical personnel and to apply principles, instructions and regulations correctly and efficiently.

C. THE PROBLEMS OF INDUSTRIAL LOCATION

1. General Situation

In accordance with the Development Plan and the Annual Programmes, the targets of increasing total productivity and of providing a balanced inter-regional development, will be considered in the selection of new industrial regions.

Scattered small manfacturers will be encouraged to gather in one place to facilitate activities such as planning in the cities and industrial regions.

The policy of establishing industrial regions is considered to be a new method of reaching the targets of the Development Plan. Part of the research and evaluation method of the new industrial organization policy is to determine the most suitable "industrial unit" for a region and the distribution of investments in accordance with the local geographic conditions. In determining new industrial regions and inter-regional economic capacity, in avoiding imbalances in services and revenue distribution, in providing for more efficient and rational use of regional resources, in creating non-agricultural activities and incomes and co-ordinating them with heavy industry, importance has been attached to the contribution of small scale industries (manufacturing and handicrafts). At the same time, the development of regional industries will favourably counter-balance the tendency towards over-urbanization.

Studies were made in previous years on the problem of the balenced distribution of heavy and small-scale industries but it was not possible to regulate this balance. However, some steps have been taken to carry out studies and research on administration and industrial management and to resolve the problems of selecting regions and determining the types of industrial activities that would benefit from a balanced inter-industry system within a region.

2. 1965 Studies

In the 1965 studies, the evaluation and the integration of research and studies will be considered together with incentives to industry which are included in the Annual Programmes. These studies and measures will be related to the settlement areas. The Programme will be directed towards outlining in a clear and definite way the adjustment and control of the methods of implementation, criteria, duties, authority, responsibility and timing factors.

3. Measures

a. The types and branches of industry that will benefit from the incentives to be established in organized industrial regions, will be considered.

b. Studies will be made to establish the proportional productivity of regional industrial specialization and investment.

c. Research will be undertaken to regulate industrial distribution and settlement on the regional level.

d. According to improved criteria, research on standard settlements and detailed studies to encourage small industry will be made

e. For the promotion of small industry, in the process of city planning, the location of various types of industry should be established in detail.

f. Organized industrial regions will be determined and named according to number and order of priority.

g. Priority will be given to the determination and maintenance of industrial areas, their administration and the preparation of comm services and infra - structure.

In addition to these studies, some steps will be taken to assist loc administrations in undertaking their responsibilities, in determinin these areas and preparing the infra - structure for them

The most suitable way for firms which are to be established i industrial regions to participate in the construction expenses, will b determined.

Administration and management will be carried out by the trad representative organizations and the best policy for providing financi support and insurance will be determined.

h. An organization which will be responsible for common servic and training will be established to furnish technical and econom information for the organized regions, and to provide technic assistance.

PART VI

FOLLOW UP OF THE IMPLEMENTATION

1. General Situation

To make timely decisions which direct and influence an economy in its development efforts, depends upon the careful following up of developments in the economy. In order to follow the implementation of the Development Plan, it is necessary mainly to evaluate economic developments and to determine the activities and influences of the public sector on the whole economy. The review also consists in gathering reliable information on private sector activities and research on how the duties given to the public sector are being carried out.

The aim of collecting and evaluating this information in time is to make immediate decisions that will influence the economic process and also to estimate the necessary investments and measures required in future programmes.

To this end it is necessary to have a satisfactory system for collecting the statistical information used in evaluating economic development and private sector activities. Moreover, the methods of following up the structure of responsibility, authority and organization of units at various levels in the public sector must be determined.

2. Obtaining Statistical Information

In the preparation of the Annual Programmes and the reviews of their implementation the lack of satisfactory statistical data continues to be a major handicap.

With the State Statistical Institute's present system of collecting data, it is not possible to present accurately yearly developments in agriculture, industry or other sectors, or to make a real evaluation of the implementation of the Plan. In most fields, it is necessary either to collect directly or to obtain from other sources, the information which the State Statistical Institute cannot collect itself. It should be noted that statistical information for planning activities cannot be obtained in time and is not reliable because of the lack of experienced technical personnel in the State Statistical Institute.

a. The State Statistical Institute shall take the necessary measures to overcome this lack of experts and assistant experts.

b. The method of computing national income shall be improved.

c. In connection with economic studies by the State Statistical Institute, priority shall be given to the collection of national income data.

d. The Business Cycles Department of the Ministry of Commerce and the State Statistical Institute shall co-operate in preparing an industrial production index in conformity with the standards of the OECD. Moreover, the State Statistical Institute shall give the Business Cycles Department the necessary data for the development of a gross commodity price index.

e. The State Statistical Institute is carrying out research on family budgets. It will use the results for arranging and publishing cost of living indices.

3. The Follow Up of Implementation in the Private Sector

The statistical information from which private sector investments can be followed up and evaluated, is insufficient. Thus, in preparing programmes and evaluating results, the investments of the private sector, their distribution to various sectors and investments can be estimated only from some indices and research.

Statistical information published by various organizations, permits given by official organizations and establishments and the evaluation of importation and production of basic investment goods constitute the main indices.

Moreover, it is possible to obtain some information about private sector activities by counting and evaluating the applications for foreign capital investment and requests for investment reductions.

It is obvious that these methods of collecting information on the private sector have to be improved. Studies that will fill the gap in this subject and include the private sector in the review of implementation, shall be completed by 1965. Moreover, efforts will be made to make private sector professional firms take a more active part in Provincial Co-ordination Committees' activities.

4. The Follow Up of Implementation in the Public Sector

The funds reserved for offices with general and annexed budgets, State Economic Enterprises and institutions with revolving funds must be utilized in such a way as to realize programmed aims and established targets.

In order to realize these aims and prevent spending outside of the aims, the following measures will be undertaken :

a. Investment expenditures of offices with general and annexed budgets shall be audited at regular and definite times by the Ministry of Finance, which will make timely interventions against practices which are contrary to the Plan.

b. The activities of State Economic Enterprises and institutions with revolving funds shall be reviewed carefully with the same objects as above in mind and the offices responsible for the control of these institutions shall co-operate with the Ministry of Finance.

c. How far targets are being met and expenditures controlled shall be considered carefully during the evaluation of the three-monthly reports submitted to the State Planning Organization.

In some organizations the rules governing investments permit their alteration, with the consent of the responsible minister of implementation, during the year. This provision undermines Programme targets and investment allocations. As a matter of fact, for various reasons, this has happened in many institutions during the implementation of the 1963 and 1964 Programmes, the first two periods of the Development Plan. Such actions which are contrary to the spirit of the Programme shall not be permitted in 1965 and changes will be made in the relevant laws if necessary.

Funds reserved for investments shall not be used for the construction of social establishments unless all details of the project are shown in the project plan.

Law No. 91 assigned the State Planning Organization the duty of collecting implementation reports from executive bodies every three months, and after evaluating them submitting them to the Government.

According to the method accepted in the first two years of the planning period, information in the above mentioned reports is generally given on cash and physical expenditures, realization rates and the stage of operations on investment projects recorded in the Annual Programme.

Moreover, in order to remove unnecessary detail, to provide uniformity and to facilitate the evaluation of operations when reporting on the state and degree of implementation of the Annual Programmes, a standard report, model and classified tables are sent to those concerned.

In order that the reports on the implementation of the Programme and the general state of the economy, arranged by the State Planning Organization may be realistic and useful for averting possible difficulties, it is necessary that they contain reliable information. This requres that the implementation of Programmes in the public sector be carefully followed in conformity with the rules previously established by the central Government, the provinces, and the districts, and in conformity with the arrangements made for this purpose.

a. Following up the Programme at the Centre

The planning activities of the executive bodies must be co-ordinated. There must also be an intermediary between the State Planning Organization and the executive bodies. To meet these needs, planning units have been formed. These units will also take the reports from various offices and organizations which are related to an institution, to evaluate them as a whole and finally to send them without delay to the Planning Organization. The State Planning Organization considers this information to be reliable because as much information as possible is checked. However, it is not possible to check all the detail or the accuracy of the information. In order that the system of collecting data may function smoothly and efficiently, the planning units in the ministries and State Economic Enterprises should be properly organized and their personnel should be sufficiently qualified.

It is not possible to establish a model planning unit suitable in organization and capacity to all public institutions. The duties of each ministry and public agency, the units formed to carry out duties under the organization law and the relations of these units among themselves and with other higher authorities have an effect on the place and size of these units in each particular institution. Taking into account the above considerations, the size and location of the planning units will be determined in such a way as to obtain maximum efficiency. Attention will be paid to the placing of qualified personnel in these units.

b. Reviewing the Programme at the Provincial level.

The investments established in the Annual Programmes cover the whole of Turkey. Therefore, in order to formulate measures to facilitate the realization of investments under provincial administrations, the review of implementation must be carried out by provincial units. Thus, it will be possible to achieve speed, quality and co-ordination in the development of operations executed in various fields and areas, and timely measures can be taken to avert possible difficulties. In fact, only the preparatory stages for provincial units was included in the 1963 Programme, the first year of the Development Plan. The establishment of Provincial Co-ordination Committees under the leadership of the Governor was also foreseen. Favourable results during the first year of activity of these units, encouraged efforts in the 1964 Programme to obtain even better results by a new method and system. In 1965, the Provincial Co-ordination Committees shall continue their activities within the framework of the principles accepted in the previous year. In addition to these, the following principles and measures shall be applied.

(1) The main purpose of having Provincial Co-ordination Committees is to avert potential difficulties, to speed up the Plan and so that bureaucratic methods shall be avoided as far as possible.

(2) In the Provincial Co-ordination Committees, the Assistant Governor, or a person of the same rank, shall bear responsibility for the administration of the Committee.

(3) Short seminars for secretaries of Co-ordination Committees shall be organized by the Ministry of the Interior and the State Planning Organization in order to ensure uniformity of activities and conformity to the principles of the Programme.

c. The Follow up of Implementation at the Town Level

The care and control of the Programme and its implementation at the provincial level shall be carried out by the Provincial Co-ordination Committee. At the same time, in order to explain the targets of the Plan and Programme, to avert difficulties and to achieve fruitful co-operation among the various levels of the administration, it is necessary to organize special seminars in which the district Governor shall participate. This function will be carried out by the Ministry of the Interior in co-operation with the State Planning Organization and the universities.

PART VII

SUMMARY AND CONCLUSIONS

The first implementation year, which can be considered successful, and half of the second year, of the Development Plan which ensures the putting of the development principles into the application field in the best way, have passed. The experience acquired during the one and half years of planned development confirmed that accelerated development in the direction foreseen in the constitution will only be possible by the full implementation of the principles and targets foreseen in the Plan.

The solving of Turkey's economic problems, most of which have arisen and accumulated for structural reasons, in one or two years or in a single Plan period is out of the question and neither has such a rapid solution been foreseen in the Development Plan.

A long term solution of the economic problems which put Turkey's national existence into question, the prevention of new problems and the continuation of Turkey's development efforts depend on the successful implementation of the Plan.

It was inevitable that the 1963 Programme, covering the first year of implementation, was published only at the beginning of the year of application and that the related establishments did not have sufficient time to examine the Plan and Programme or to complete their preparations in advance. To these, other technical difficulties of the first implementation year should be added. In addition, the delay in procuring some of the foreign credits needed to finance the Plan, has prevented certain investments from reaching the level desired. These difficulties during the first implementation year can be considered normal; but in spite of them the high ratio obtained in the investment expenditures, the great public interest shown for the Plan, and the initiation of programmed work in Government departments, are important achievements.

In 1963, favourable weather conditions resulted in an increase of national income, exceeding the estimates foreseen in the Plan. The shortfall in income of the non - agricultural sector, is a serious matter to which much importance should be attached. However, bearing in mind that the effects on the national income of the investments started in one year will be observed one or two years later, it can be expected that the large investments made in various industrial branches in 1963 will in future years, bring the increase of national income in these sectors closer to the Plan targets. Of course, such a result can be obtained only if the productive capacity which has been created, is fully utilized.

The 1965 Annual Programme has been prepared with a view to realizing the 1965 targets of the Plan. It is believed that the public and private sectors will examine the 1965 Programme with care and interest since, like the Programmes of the previous years, it is a section of the Plan which is the fundamental factor in Turkey's development efforts, and that they will fulfil the duties expected of them in the Programmes.

1. In The Public Sector

a. Preparing the implementation of the Programme

Annual Programmes become effective on the day they are published and not at the beginning of the year of implementation. From 1964 it will be customary to publish Annual Programmes in September. However, the public establishments concerned are informed in July of measures and projects which may be included in the Programme, since they are involved in the Programme studies which are carried out in the State Planning Organization.

All public establishments are in a position to commence the 1965 Programme in September. However, studies relating to projects, can be commenced before project or project lists are sent to the State Planning Organization and can be developed in more detail later on. In this way, the projects accepted by the Government and which have been included in the appendix of the Annual Programme, can be started without delay. In spite of the fact that preparatory studies were included in the 1964 Annual Programme, it has been observed that a great proportion of the projects are reviewed after the construction season has started, and some of them are published in July or August.

This situation, which cannot be attributed to any obstructing laws - although these do exist and are to be changed - will be avoided in 1965. The possibility that adequate funds may not be provided by the budget for the investment projects foreseen in the Plan, which is a Government decision, is out of the question. Projects included in the Programme are given first priority and all the necessary measures are taken to secure sufficient internal and external resources for their implementation.

Accordingly, all the executive departments connected to the public sector, will examine the 1965 Programme and its additional articles to the smallest detail in the 15 days which follow their publication, and will prepare 1965 studies and working programmes in such a way as to ensure the realization of the duties with which they are charged.

The measures in the Programme which are considered urgent will be examined in detail and put into force before 1965.

With regard to those subjects on which research and analysis are planned, studies will be started immediately after the Programme has been published and before any steps are taken. This research and analysis will be completed and channeled towards certain targets as soon as possible.

The necessity of beginning the studies on projects in the Programme, before they are effected has been pointed out in the above paragraph. Intensive work during the preparatory phase of the projects and during the period between the date of publication of the Programme and the beginning of the construction season, is of great importance. As it is, industrial, agricultural and communication projects need considerable time before they move into the actual construction phase, and unnecessary delays will increase costs of the project on the one hand and deprive the national income of products and services on the other. In short, work on projects which have been delayed more than a year should be continued and maximum advantage should be extracted from each construction season.

In order to prevent delays in the implementing of projects and in order to make the best use of the period preceding the construction season, all the ministries will control closely the activities of the public establishments which are their responsibility and will ensure that projects are prepared and completed and the formalities of ministerial review ended before the construction season. Thus, a system in the ministries will be established for preparing reports outlining the various preparatory phases of projects and the methods for completing these phases. These reports will indicate which projects are in the construction phases. The most important duty of ministerial authorities will be to follow up the efforts to implement projects and eliminate difficulties in implementation.

b. Co-ordination Studies

Applying the measures foreseen in the Plan and Programme, making the investments - in short, the success of the Plan - depends on the creation and maintenance of a co-operative spirit. In the Plan and Programmes the departments responsible for studies and the departments which will collaborate with each other have been indicated. The departments which collaborate in a project will consider themselves to be as much involved in the project as the department which is directly responsible for it, and will make every effort to see that studies are concluded successfully.

Authoritative and knowledgeable representatives will be selected to deal with those subjects which require joint collaboration. In order to expedite decision-making they will keep their correspondence at a minimum, meet less frequently and work longer hours. Utmost importance should be attached to the speedy transmission of finished reports to authorities who will act upon them and evaluate them in the shortest possible time.

During the collaboration studies, one of the important principles that should be kept mind by the executive departments is that the State Planning Organization has advisory, not executive, responsibilities. The implementation of the Programmes, the preparation of projects which will be the basis for future programmes and the solving of problems which arise during the implementation phase are the responsibility of executive departments. In order to solve such problems, the executive authorities should consult with the various administrative bodies responsible.

However, the State Planning Organization should be sent the information necessary for a close and continuous review of the implementation of the Plan and Annual Programmes. It should also be notified in sufficient time of problems related to the implementation of the Plan, which could not be solved by the executive departments.

c. Preparations for the 1966 Annual Programme :

While the State Planning Organization is following up the implementation of the 1965 Programme, it will start studying the 1966 Programme. Meanwhile, public institutions will be preparing pre-investment projects for the 1966 Programme. These will be submitted to the State Planning Organization, along with a record of the uncompleted projects of 1965, before the deadline set for the end of May 1965. These projects will have to be chosen carefully and should conform to the principles stated in the Plan and the Investment Guide which has been published. All the required information must be given in the pre-project studies which are submitted.

Meanwhile, the public institutions most directly connected shall select new investment projects related to high priority sectors of the Plan and develop them. They shall also evaluate ideas arising from research and turn them into definite projects. The definite projects thus prepared, shall be sent immediately to the State Planning Organization.

d. The Second Five-Year Plan :

Pre-studies of the Second Five-Year Plan have already been started by the State Planning Organization and in 1965 these activities will be intensified. The Second Five-Year Plan should be the beneficiary of the experience gained from the First Plan and the improvements in planning techniques and statistics. All state institutions will help the State Planning Organization to prepare the Second Five-Year Plan. Specialized commissions set up for planning studies shall receive technical aid and be assisted by administrative personnel from all institutions, especially the universities and State Economic Enterprises. Care will be taken to chose authoritative and knowledgeable representatives for the commissions.

It is assumed that the main target in the Second Five-Year Plan is to develop an industry that will be able to withstand the competition of the Common Market and, by increasing exports, that will contribute to the reduction of the current deficit in external accounts. The achievement of this aim will require substantial industrial projects and the basis for these will have to be laid now. Thus, all public and private institutions, especially the State Economic Enterprises, will study the possibilities of constructing large-scale production units which could be started in 1968 and will develop full-scale projects to this effect where real possibilities are proved to exist. To this end also work groups will be set up in which the public and private sectors will co-operate in the fields of industry, energy, tourism and communications. Thus the natural resources and the industrial activities on which the development of Turkey's economic potential is based, will be studied and the evaluation of export - oriented industrial projects will be furthered.

Ideas that arise from the activities of these work groups and private special commissions will be developed into projects quickly and will be sent to the State Planning Crganization to be evaluated during the preparation of the Second Five-Year Plan.

2. IN THE PRIVATE SECTOR

It has been observed that the private sector, from which duties as important as those of the public sector are expected, is becoming more and more interested in the Development Plan, and its activities are conforming to planned development. The constructive criticism of the private sector and its demands for playing a more active role in the development process, are concrete proof of this. The problems which the private sector will encounter in the Plan period, solutions to them and the role of private entrepreneurs have been indicated in the related sections of the Plan. In the following section, which deals with results, only the role of the private sector is considered.

a. Co-operation with the Private Sector :

Private entrepreneurs communicate and co-operate with the public sector at every stage of their investment activities. The projections of the investment activities of the public sector, which are framed beforehand in the Plan and Programmes, is very important for the orientation of private enterprises. Conversely, the investment activities and projects of the private sector have to be known before-hand by the public sector. In 1965, the development of this mutual co-operation and the co-ordination of investment activities is of great importance. For this purpose, there will have to be close co-operation between the State Planning Organization and the Union of Chambers of Commerce for the development and evaluation of private sector projects.

However, it has been observed that there is insufficient investment activity in the manufacturing and mining industries to which the Plan gives primary importance and which it was expected would be developed by the private sector. If it becomes known for certain that the private sector is not interested in establishing itself in these fields, the public sector may have to assume the duty of realizing Plan targets itself. In the course of public and private sector co-operation, the related institutions will be invited to study the reasons why development has lagged in areas planned for development, and measures required to quicken development in those areas shall be taken.

b. Orientation Towards Productive Investments :

The measures foreseen in the Plan for restricting investments in fields which are non-productive or where there is excess capacity, and directing investment instead towards industry, tourism and sea communications, which are Turkey's areas of principal need, have begun to take effect; investment in non-productive fields has been limited. However, the problem of directing investment from less desirable sectors to those from which development is expected, has not been solved yet.

In this regard, duties that are the responsibility of the state, such as the establishment of a capital market and the securing of necessary credits, have been emphasized and definite measures have been put into effect. However, it is true to say that the main responsibility for the proper allocation of investments, falls upon the private sector. Private entrepreneurs should familiarize themselves with the investment priorities shown in the Plan and Programmes and thus orient their projects accordingly. The private sector's efforts to conform to the Plan and the Programme will be viewed with respect and receive full support.

c. Rational Management :

The treaty of the association between Turkey and the Commun Market countries was signed in September 1963, thus consumating a long-hoped for desire. While this treaty ensures some Turkish interest, it also confers responsibilities. The foremost of these is to transform scattered and inefficient and small-scale Turkish industry into modern institutions capable of competing with their counterparts in Common Market countries.

Turkish private entrepreneurs will have to consider this target in formulating their activities, reorganize their management and, if necessary, form large scale units.

d. Employer - employee relations :

The system on strikes, lockouts and collective bargaining which was put into practice in 1963, has generally been interpreted with exemplary understanding and maturity. Successful planning requires that this spirit survives in future years and that demands, which may exceed increases in productivity and which may cause general price increases, be avoided.

The Development Plan and the Annual Programmes have created a dynamic outlook on economic life and Government administration; from this point of view, economic and social problems are considered systematically and continuously and solutions to them are found. Furthermore, the results of development efforts are evaluated and means for more rapid development are evolved.

The Turkish Nation will undoubtedly accept the 1965 Programme in the same dynamic spirit and its citizens will carry out their duties with confidence.